RESEARCH ARTICLE

Populism and Income Inequality: Is Income Inequality in Türkiye a Political Choice?

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ABSTRACT

The argument that national inequalities are political and thereby driven by political decisions implies that income distribution is not merely an economic phenomenon but also a political one. Hence, this study explores the impact of populist governance on income inequality in Türkiye. In doing so, this study addresses whether income inequality in Türkiye is a political choice, drawing on economic, social, and political data over the years 2008-2022. According to the results of the quantitative analysis, the share of income for the working class has fallen, the income gap between the lowest and highest deciles of the working class has narrowed, and the potential for fiscal interventions to reduce income inequality is not realised. In return, the income inequality that existed in 2008 has persisted at the same magnitude over the years. In other words, even if income inequality is not an explicit political choice, the populist governance in Türkiye between 2008 and 2022 has chosen not to contribute to the solution to this prevailing inequality.

Keywords: Populism, income inequality, Türkiye
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1. Introduction

Despite the efforts of several United Nations agencies, global inequality emerged as a major theme by the mid-twentieth century as the income gap between the wealthiest 20% of people in the richest countries and those in the poorest expanded 24.67-fold from 1820 to 1997 (UNDP, 1999). In this respect, Lockwood (2020) argues that global and national inequalities are not only intertwined but also politically driven, shaped by structures of power, political decisions, and institutions. This claim implies that income distribution transcends mere economic phenomena, embodying political dimensions as well. Therefore, studies on national income inequality also require an investigation of a country's political structure. In line with this, the current study examines the impact of populist governance on income inequality in Türkiye.

Findings of this study indicate that, despite the growth in real gross domestic product (GDP), the share of income for the working class has fallen in recent years, a trend observed even with the decreasing population growth rate. Conversely, the share of income accruing to capitalists in national income has risen. The income gap between the lowest and highest deciles of the working class has narrowed over the years, leading to a trend towards income levelling at or near the minimum wage level. The size of the informal economy and the proportion of unregistered workers have declined, which has led to increased tax collections. Despite the potential for fiscal interventions to reduce income inequality through increased tax revenues, this reduction was not materialised. Meanwhile, Türkiye has been grappling with a chronic domestic debt problem, persistent and high inflation, impoverishing growth due to a competitive exchange rate regime, and an education system increasingly leaning towards privatisation. These factors have collectively contributed to the persistent state of income inequality. Hence, the reduction of income inequality does not appear to have been a priority or a deliberate choice under populist governance during the 2008-2022 period.

Events such as the global economic crisis in 2008, subsequent economic and political developments, growing income inequalities due to neoliberal policies,

the Brexit referendum, and Donald Trump's election as president have fuelled a surge in the political science literature on populism. However, the definition and conceptualisation of populism remain contested. While some scholars regard populism as a political style (Decker, 2006; Knight, 1998; Viguera, 1993), others consider it as a political strategy (Ducatenzeiler, Faucher and Rea, 1993; Laclau, 2005; Weyland, 2001, 2017; Mudde and Kaltwasser, 2017). A common element in these definitions is the reference to "the elite" versus "the people". Mudde (2004) offers an ideational strategy perspective, defining populism as "thin-centred ideology" that divides society into two groups: the "pure people" and the "corrupt elite". According to this view, politics is an expression of the people's general will, where opponents are deemed evil. Direct communication and charismatic leadership are emphasised as key aspects of populism. They also claim to speak up for the oppressed[1] based on common sense with the aim of creating no change in their values but with the agenda of altering their political status. Hence, populism is regarded as reformist, but not revolutionary (Sawicky, 1998).

Research on the emergence of populism has identified several contributing factors. Oxhorn (1998) attributes the recurrent populism in Latin America to high levels of inequality and socioeconomic heterogeneity, which facilitate mass mobilisation through populism. Mair (2006) states that the diminishing importance of political parties creates a proper basis for a direct relationship with the people via populism in Europe. Farmisano (2012), Algan et al. (2017), and Guiso et al. (2017) link populism in the US to the economic crisis[2]. Mikucka-Wójtowicz (2019) points out that the resurgence of populism in Croatia and Serbia stems from societal dissatisfaction with political parties along with how democracy has failed to meet expectations and economic crises. Inglehart and Norris (2017) and Pastor and Veronesi (2020) also find that rising inequality fosters populism. In short, populism in the political sense tends to arise in the middle of social and/or economic crises with political resentment, a lack of confidence in solving a social

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[1] Basu (2024) claims that they speak for the nationalist and the religious majority.

[2] As economic causes of the emergence of populism, globalisation (Rodrik, 2018a) and high concentrations of international trade (Colantone and Stanig, 2018) are also suggested.

problem by the current political system, an alleged challenge to "the way of life", and the presence of charismatic leaders. This aligns with dependency and modernisation theories, which posit that socioeconomic processes shape politics. Hence, it is evident that populist governance not only emerges from economic processes but also influences them. However, the literature exploring the reciprocal relationship between populism and income inequality is still infantile. Hence, this study seeks to bridge this gap with a quantitative analysis.

In economic terms, "(macro)economic populism" describes policies that prioritise income redistribution and economic growth, often overlooking the risk of high inflation and external constraints (Dornbusch and Edwards, 1990). Sachs (1989), Dornbusch and Edwards (1991), and Acemoglu, Egorov and Sonin (2013) argue that populist leaders generally harm the economy. This is primarily because such leaders tend to favour short-term, opportunistic policies to win voter support rather than adopting rational, long-term strategies. For instance, populist leaders use expansionary fiscal policies for short-term economic stimulation and increased consumption, but these policies eventually hinder growth and escalate inflation in the long run. Dornbusch and Edwards (1990) observe that populist economic programmes typically share certain features: dissatisfaction with the growth trajectory, high economic inequality, underestimation of budget deficit risks, and neglect of the inflationary consequences of expansionary policies, along with promises of income redistribution and economic reshaping. In other words, myopic and expansionary policies with acute results are considered macroeconomic populism at first. Then, Rodrik (2018b) asserts that economic populism is used as an equivalent term for policies aiming at income redistribution from the rich to the poor, also motivated by rising income disparities. Sachs (1989) and Wilkinson and Pickett (2009) also argue that income inequality is a critical factor for social problems that could give rise to populism. In return, populist policies influence how the GDP is distributed among economic agents. Therefore, exploring the effect of populist governance on income inequality facilitates understanding whether income inequality results from political choices, as the ultimate promise of populism is reduced inequality. Therefore, this study seeks to determine whether income inequality in Türkiye is a political choice by analysing economic, social, and political data.

Piketty (2014) demonstrates that income inequality deepens when the rate of return on capital exceeds the growth rate of technology, which is the same rate as the growth of GDP per capita. This happens as capital income grows faster than wage income. Figure 1 displays the evolution of capital and wage incomes in Türkiye over 2009-2022, for which data are available.

Figure 1: Evolution of Income Types
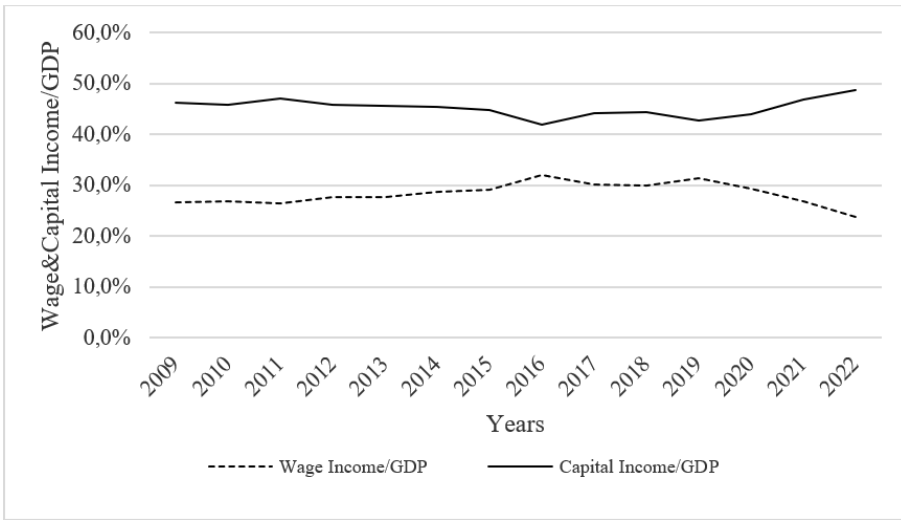
Source: TURKSTAT

Figure 1 suggests that wage and capital income move symmetrically in opposite directions. This indicates an increasing trend in income inequality, particularly since 2016. In parallel with this, various databases and scholars have recognised that Türkiye has been under populist rule since 2003. Taşkın (2008) categorises the policies of the Justice and Development Party (AKP) as conservative populism; Kyle and Meyer (2020) classify Recep Tayyip Erdoğan's terms as prime minister and president as cultural populism; and Funke, Schularick, and Trebesch (2022) label it as right-wing populism[3]. Thus, Türkiye provides an appropriate outlet to study the effects of populist policies on economic inequality.

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[3] The terms of the AKP are also labelled as a conservative democracy by Moudouros (2014), a hegemonic project by Yalvaç and Joseph (2019), and Erdoğan as an autocrat by Yilmaz and Bashirov (2018).

The selection of the starting point for the analysis period is based on two primary considerations. First, the Turkish Statistical Institute (TURKSTAT) revised its data definitions in 2008 (and again in 2014), thereby limiting data availability to post-2008 rather than 2003. To ensure definitional consistency while still maintaining a sufficiently long time span for robust results, the analysis begins from 2008. Second, scholars, such as Öniş (2015) and Akkoyunlu and Öktem (2016), divide the AKP's rule into periods in terms of the party's democratic governance and the success of its economic policies. The general view is that the years leading up to 2008 were characterised as the "golden years" of democratic reforms and economic growth under the AKP. In contrast, the period after 2008 was marked by poor economic performance and rising authoritarianism. Therefore, focusing on 2008-2022, using annual data, allows for a more nuanced understanding of the impact of these changes on economic inequality.

The contribution of this study to the literature is three-fold. First, it integrates insights from two disciplines, namely, political science and economics. Second, this paper analyses the effect of populism on income inequality, a perspective largely overlooked in the existing literature. The dominant view in the literature suggests that economic inequalities fuel populism, where inequality destroys social cohesion and arouses feelings of tension, insecurity, threat, and the need for security-driven allegiances, leading to populism (De Bromhead, Eichengreen and O'Rourke, 2013; Bischi, Favaretto and Carrera, 2020). However, this article sheds light on the possible vicious circle in the relationship between populism and income inequality by approaching the issue from the other direction, i.e., analysing how populism may in turn induce income inequality. Lastly, to the best of my knowledge, this is the first study to investigate the economic effects of populist policies specifically in the context of Türkiye.

The remainder of the paper is organised as follows. After a summary of the existing literature, Section 2 describes the analysis where the impact of various policies on income inequality is evaluated and presents the findings of the economic, social, and political data. Finally, Section 3 discusses the findings.

1.1. Literature Review

The recent political science literature exploring populism in Türkiye is quite diverse. Cinar (2016) identifies the determinants of the electoral hegemony of the AKP employing Ordinary Least Squares (OLS) analysis. Religiosity, the provision of better public infrastructure services, and electoral institutions have a positive effect on the AKP's electoral success, whereas the share of the population out of social security and unemployment have a negative impact. In a content analysis of parliamentary group speeches, Elçi (2019) gauges that Recep Tayyip Erdoğan is the most populist political figure, with Kemal Kılıçdaroğlu being the least. Altınörs (2021) examines the authoritarian populism-migration nexus, suggesting the importance of geopolitics in understanding global populism. Yilmaz and Erturk (2021) conclude that the populist narrative of the AKP and its leader are necropolitical, which is a tool used for legitimising and sustaining authoritarian stability. Bulut and Hacıoğlu (2021) measure populist communication styles using the content coding of parliamentary group speeches. They stress that foreign policy populism and discursive religious symbolism are key factors in the AKP's ability to remain in power. Yilmaz and Demir (2023) argue that the AKP's Islamist civilizational populist narrative has broadened to encompass all diasporic Sunni Muslim communities in forging the transnational people.

From the perspective of the economics discipline, income inequality has been the subject of extensive research. For instance, Aksoğan and Elveren (2012) investigate the effect of defence expenditures on income inequality in Türkiye from 1970 to 2008 by employing causality and cointegration methods. According to their results, defence expenditures have a negative impact on inequality. Ak and Altintaş (2016) explore the legitimacy of Kuznets' inverted U hypothesis in Türkiye between 1986 and 2012 using the Autoregressive Distributed Lag (ARDL) model Bound Test method. They observe a U-shaped relationship, with income inequality initially improving during periods of economic growth and then deteriorating as per capita income rises. In a regression-based decomposition method between 2006 and 2014, Limanlı (2017) determines that education per capita had the highest impact on income inequality in Türkiye. Dasdemir and

Tunali (2023) find that an increase in the spread of capital ownership decreases the GINI coefficient in Türkiye. By applying the Shapley and Owen methods, Gemicioğlu, Kızılırmak and Akkoç (2024) show that inflation and indirect tax policies pursued during 2003–2019 were favouring the rich.

The study of the impact of populism on income inequality often revolves around specific populist tools. For example, with a situation analysis, Çalışkan (2010) attributes the lack of a significant decline in income inequality since the 1960s to the governments' failure to make adequate use of social policies for fairness in income distribution. In an analysis of the effect of fiscal policy instruments on income inequality between 1990 and 2016, Teyyare and Sayaner (2018) conclude that increased public expenditures, institutional quality, and taxes reduce income inequality, while increased public borrowing raises it. In a comparative study of Türkiye and Chile about the results of their policies, both following similar political and economic neoliberal policies in combating poverty and income inequality, Erkul and Demir-Erkul (2019) find that Türkiye pursues less effective policies than Chile. By employing employs the Vector Autoregression (VAR) between 1987 and 2018, Topuz (2021) indicates that the rise in public domestic debt increases income inequality. Findings of the ARDL Bound Test method of Bükey (2022) indicate that a raise in private sector wages increases the Gini coefficient, while a similar effect in the minimum wage decreases the Gini coefficient.

There are a handful of papers exploring the relationship between populism and income inequality. Sachs (1989) argues that the "populist cycle" leads to ineffective policies that make the whole society worse off due to poor economic performance, as high inequality creates political pressure for policies aiding the poor. Despite their eventual failure, populist policies continue to be driven by a highly uneven income distribution. Dornbusch and Edwards (1990) describe the characteristics of macroeconomic populism, where policies favour income redistribution and economic growth while understating the risk of high inflation, external constraints, and a deficit that would cause the collapse of the economy. By moving beyond populism, Acemoglu, Vindigni and Ticchi (2011) study the impact of the efficiency of state capacity on income inequality. Their theoretical

model establishes that in democracies, the political process results in an effective bureaucracy with redistributive policies, whereas in non-democracies, the rich may favour an inefficient state to avoid redistribution by controlling the politics. In a later study, Acemoglu et al. (2013) that populist policies originate as a strategy for politicians to designate that future policy will be in line with the median voter in an analytical model. These populist redistributive policies are not only harmful for the rich but also the poor; overall, they often negatively affect economies.

2. Analysis and Results

Several factors influence income distribution, with population growth being a significant determinant in developing countries. Rapid population growth adversely affects income distribution by preventing the labour force from receiving a larger share of the growing income compared to the past and by failing to provide sufficient employment opportunities for the young population in the coming years.

Table 1: Population, Growth of GDP and Shares of Labour Compensation

Years	Annual Population Growth (‰)	Nominal Value Added Growth	Nominal GDP Growth	Real GDP Growth	Compensation of Labour % Value Added	Compensation of Labour % GDP
2008	13.1	..	..	0.8%	..	..
2009	14.5	..	..	-4.8%	29.9%	26.7%
2010	15.9	14.4%	16.0%	8.4%	30.6%	26.9%
2011	13.5	20.4%	20.3%	11.2%	30.0%	26.4%
2012	12	12.9%	12.6%	4.8%	31.4%	27.7%
2013	13.7	14.4%	15.3%	8.5%	31.7%	27.8%
2014	13.3	13.7%	12.7%	4.9%	32.5%	28.7%
2015	13.4	14.0%	14.4%	6.1%	33.0%	29.1%
2016	13.5	11.8%	11.7%	3.3%	36.3%	32.0%
2017	12.4	20.0%	19.3%	7.5%	34.1%	30.2%
2018	14.7	21.2%	19.9%	3.0%	33.5%	30.0%
2019	13.9	15.2%	14.7%	0.8%	34.8%	31.3%
2020	5.5	15.6%	17.1%	1.9%	32.9%	29.3%
2021	12.7	44.4%	43.6%	11.4%	30.1%	26.9%
2022	7.1	107.3%	107.0%	4.9%	26.5%	23.7%

Source: TURKSTAT and The World Bank

Table 1 reveals a general downward trend in the population growth rate, with the lowest rate of 0.55% occurring in 2020. In contrast, gross value added and GDP at current prices demonstrate a positive growth trend from 2010 to 2022, peaking in 2021 and 2022. However, real economic growth shows significantly lower growth rates compared to nominal values. In other words, when GDP is adjusted for inflation, the growth rates are more modest. Moreover, real economic growth changes in parallel with the population growth rate. That is, GDP tends to rise with an increasing population growth rate and fall when it decreases. This correlation can be attributed to labour force expansion in line with population growth, which influences overall economic growth. The positive growth rates, except for 2009, indicate an expanding real economy. A growing economy alongside a declining population growth rate could be a sign of either an increase in labour productivity (as detailed in Table 6) and/or technological progress. However, the share of labour compensation in the growing economic pie has fallen, especially in recent years, as shown in the last two columns. This decline in labour's share of value added and GDP is somewhat counterintuitive; one would expect it to rise with a decreasing population growth rate. Yet, the opposite trend has been observed, indicating that the benefits of economic expansion and increased productivity have not proportionally reached labour compensation. In other words, the potential contributions of larger GDP and higher productivity to alleviating income inequality are not reflected in labour income, thereby widening the gap between labour and capital income.

Policies aimed at preventing unemployment and boosting employment help mitigate income inequality by enabling individuals to work and to receive a share of the increased income. Additionally, factors such as the duration of bureaucratic procedures, the existence, inclusiveness, and strictness of legal regulations and rules, and the tax levels play a crucial role in affecting the informal economy. An expanding informal sector not only hampers the effectiveness of policies aimed at reducing income disparities due to decreased tax revenues but also widens income disparities due to the failed formation of competitive markets and emergence of new business lines.

Table 2: Institutional Data and Informality

Years	Unemploy-ment Rate	Government Effectiveness	Regulatory Quality	Rule of Law	Electoral Democracy Index	Informal Economy %GDP (DGE)	Informal Economy %GDP (MIMIC)	Informal Labour %
2008	9.7%	0.290	0.269	0.023	0.564	28.6%	32.1%	..
2009	12.6%	0.290	0.289	0.049	0.551	28.2%	33.5%	..
2010	10.7%	0.315	0.313	0.050	0.531	28.2%	32.6%	..
2011	8.8%	0.365	0.393	0.015	0.526	28.1%	31.4%	..
2012	8.1%	0.432	0.451	-0.037	0.519	27.7%	31.3%	..
2013	8.7%	0.399	0.463	-0.004	0.471	27.4%	30.9%	..
2014	9.9%	0.393	0.433	-0.076	0.399	27.1%	30.8%	34.5%
2015	10.2%	0.200	0.274	-0.232	0.362	26.7%	30.7%	33.4%
2016	10.8%	-0.006	0.193	-0.342	0.303	26.2%	31.2%	33.6%
2017	10.8%	0.014	0.044	-0.318	0.285	25.9%	30.7%	34.1%
2018	10.9%	-0.068	0.016	-0.391	0.290	25.6%	30.9%	33.6%
2019	13.7%	-0.020	-0.020	-0.348	0.288	..	..	34.8%
2020	13.1%	-0.159	-0.025	-0.420	0.288	..	..	30.9%
2021	12.0%	-0.119	-0.101	-0.433	0.283	..	..	29.0%
2022	10.4%	-0.199	-0.245	-0.458	0.276	..	..	26.8%

Source: The World Bank, TURKSTAT[4] , ILOSTAT and V-Dem

[4] Since TURKSTAT uses different definitions for unemployment data before and after 2013, the data are fragmented. In order to stick to a single definition, only post-2014 data are presented.

According to Table 2, the average unemployment rate between 2008 and 2022 was 10.7%. Although there was a decrease in unemployment following 2009, it began to rise again starting in 2014. The persistence of double-digit unemployment rates suggests a lack of general improvement in the labour market, thus limiting opportunities for people to earn income through employment. This conclusion is further supported by the declining population growth rate, as shown in Table 1, indicating the ineffectiveness of policies aimed at reducing unemployment. The size of the informal economy, as calculated via the Dynamic General Equilibrium (DGE) and Multiple Indicators Multiple Causes (MIMIC) methods by The World Bank's Prospects Group, constitutes approximately a quarter and a third of the GDP, respectively. An overall downward trend in the informal economy and a reduction in the proportion of unregistered workers imply that there should be an accompanying increase in tax revenues (as shown in Figure 2), which could be potentially used to shrink inequality.

The government effectiveness data, shown in the third column of the table, gauges the perceptions of the citizens regarding the quality of policy formulation, implementation and public services, the independence of public service from political pressures and, the credibility of government commitment to its policies. Regulatory quality data evaluate the government's capability to develop and enforce policies and regulations and to implement policies that encourage private sector development. The rule of law data assesses public trust in property rights, courts, contract enforcement, and police, as well as the extent to which these rules are respected. The decline and negative values in these estimates, which range between -2.5 and 2.5, particularly after 2015, indicate a diminishing public's perception of trust in these institutions. The electoral democracy index measures the legitimacy of electoral competition, the freedom of civil and political organisations, election integrity, and the impact of elections on leadership change. With values ranging from 0 to 1, the index has halved over 14 years, thereby hinting at reduced executive responsiveness to citizens. In short, these political data corroborate the established categorisation of the AKP's governance post-2011 as having unfavourable outcomes for institutional integrity.

High inflation leads to a deepening of income inequality by shifting income from labour to capital, adversely affecting the income of wage earners. Capital owners can hedge their income against inflation with positive real interest returns from their savings, whereas fixed-income earners experience the erosion of their real income by inflation. Therefore, effective monetary policies aimed at regulating income distribution should ensure low inflation and economic stabilisation. While expansionary monetary policies could improve income distribution in the short run, their continuous pursuit can lead to higher inflation, ultimately deteriorating income distribution in the long run.

Table 3: Employee and Shareholder Income Distribution

Years	Inflation (CPI, annual change)	Labour Income Distribution Ratio (D10/D1)	Net Operating Surplus and Mixed Income % Value Added	Net Operating Surplus and Mixed Income % GDP
2008	10.4%	66.54	..	..
2009	6.3%	66.30	51.9%	46.3%
2010	8.6%	48.03	52.1%	45.9%
2011	6.5%	47.99	53.5%	47.1%
2012	8.9%	46.49	52.0%	45.9%
2013	7.5%	45.51	52.1%	45.6%
2014	8.9%	36.59	51.3%	45.4%
2015	7.7%	36.32	50.7%	44.7%
2016	7.8%	29.41	47.5%	41.9%
2017	11.1%	29.64	49.9%	44.2%
2018	16.3%	27.73	49.5%	44.3%
2019	15.2%	26.48	47.4%	42.7%
2020	12.3%	..	49.4%	43.9%
2021	19.6%	..	52.5%	46.9%
2022	72.3%	..	54.5%	48.8%

Source: TURKSTAT and ILOSTAT

Table 3 shows that annual inflation was maintained in single digits from 2009 to 2016 with successful monetary policies. However, it subsequently escalated to double digits and reached hyperinflation levels in 2022. This inflationary trend has heterogeneous impacts: while capital owners can protect themselves against inflation using financial instruments in their portfolios, employees, who rely more on cash transactions and have limited access to such instruments, suffer more from

high inflation. This disparity is evident when comparing columns 4 and 5 of Table 3 with columns 6 and 7 of Table 1, respectively, which show that the income share of capital owners (i.e., net operating surplus and mixed income) is increasing, while labour income share is decreasing. The ratio of labour income distribution in the third column, representing the ratio of total labour income shares between the top and bottom deciles, decreased from 66.5 in 2008 to 2.5 times less in 2019, the most recent year for which data are available. This indicates a narrowing gap between the lowest and highest labour income earners. However, considering also the rising share of capitalist income, this suggests that those in the upper deciles of the working class are converging to the income levels of those in the lower deciles. In other words, prolonging this trend potentially leads to a levelling of the labour market around the minimum wage.

There are several other monetary indicators important for altering income inequality, such as policy and interest rates. The interaction between policy rates, domestic debt, and market interest rates is intricate. In a system where domestic debt, policy and market interest rates follow each other, an increase in the policy rate can mitigate demand-pull inflation by boosting savings and reducing consumption. Yet the same policy can also trigger cost-push inflation through higher credit costs. Therefore, the effect of monetary policy on inflation and thereby income distribution hinges on an accurate understanding of inflation dynamics. However, it is certain that domestic borrowing tends to have a negative impact on low-income groups, as higher interest rates primarily benefit high-income savers, while interest expenses are financed by taxes levied across the entire society.

The second column of Table 4 denotes that the money supply measured by M3 in 2022 increased by 17.4 times compared to 2008. The annual growth rates of the money supply, listed in the third column, have been consistently rising, except for the decline in the rate of increase in 2011 and 2014, with a notable acceleration since 2020. Even if this steep increase in 2020 might be attributed to liquidity provisions due to the COVID-19 pandemic, no similar unexpected macroeconomic shocks have been experienced that could have explained the

Table 4: Monetary Measures and Inequality

Years	Money Supply (M3)	Money Supply Growth Rate	Policy Interest Rate (Repo)	Market Interest Rate (Deposits)	Domestic Debt Stock (Million TL)	Increase in Domestic Debt	Domestic Debt/GDP	P80/P20
2008	458,383,776.0	..	19.81	..	274.80	..	..	8.055
2009	520,674,414.0	13.6%	..	..	330.00	20.1%	32.8%	8.548
2010	616,200,873.9	18.3%	..	..	352.8	6.9%	30.2%	7.94
2011	700,491,311.0	13.7%	10.84	13.97	368.80	4.5%	26.3%	8.041
2012	791,992,774.0	13.1%	10.94	15.13	386.50	4.8%	24.4%	7.962
2013	950,979,183.0	20.1%	6.77	13.72	403.00	4.3%	22.1%	7.693
2014	1,063,151,797.0	11.8%	11.05	14.76	414.60	2.9%	20.2%	7.4
2015	1,238,083,234.2	16.5%	10.67	14.70	440.12	6.2%	18.7%	7.565
2016	1,450,681,529.4	17.2%	9.40	15.04	468.64	6.5%	17.8%	7.679
2017	1,675,831,302.6	15.5%	11.59	14.77	535.45	14.3%	17.1%	7.54
2018	1,988,304,794.7	18.6%	17.40	23.04	586.14	9.5%	15.6%	7.751
2019	2,575,267,171.0	29.5%	20.35	25.36	755.10	28.8%	17.5%	7.412
2020	3,418,684,238.7	32.8%	10.28	15.19	1060.30	40.4%	21.0%	8.009
2021	5,165,828,236.3	51.1%	18.75	20.86	1321.20	24.6%	18.2%	7.645
2022	8,443,279,036.5	63.4%	14.00	26.58	1905.30	44.2%	12.7%	7.936

Source: The Ministry of Treasury and Finance, CBRT and TURKSTAT

radical rise in the subsequent years. Comparatively, the 13.9-fold increase in GDP calculated at current prices, but only a 90% rise in real terms, given in Table 1 over the same period, indicates that money supply growth has outpaced output growth. This disparity, in return, has contributed to the high inflation, as evidenced in Table 3. However, the lack of a close correlation between policy and market interest rates complicates the attribution of inflation to specific types of inflationary pressures, namely demand-pull or cost-push, due to interest changes. This suggests the difficulty in pinpointing the exact drivers of inflation in Türkiye.

Deposit rates have consistently been higher than the policy rate in Türkiye, with policy rates generally declining following each hike. Between 2011 and 2018, the domestic debt stock increased in a controlled manner, but a recent acceleration in its growth rate may reflect the country's low savings rate, modest income levels, and challenges in boosting tax revenues. Contrary to expectations, the reduction in the informal economy, as indicated in Table 2, did not lead to a corresponding decrease in domestic debt. This trend suggests a chronic issue, as evidenced by the domestic debt stock to GDP ratio averaging above 20%. The last column of the table presents the P80/P20, which measures the income of the richest 20% relative to the poorest 20%, where a decrease in this ratio means a reduction in income inequality. Over the 14-year period, despite some fluctuations, the average ratio stood at 7.8, and income inequality only diminished by 1.5% from 2008 to 2022, indicating a persistent issue with income disparity. In other words, the broken link between market and policy interest rates, unanchored and high inflation, and persistently high domestic debt prevented monetary policy from addressing income inequality.

Social harmony and justice in income distribution are closely linked. Achieving a relatively fair and equitable income distribution in a society cannot occur spontaneously and requires deliberate government intervention through various policies. Policies can change income distribution through changes in primary and secondary income distribution by influencing social, economic, cultural, and political factors. Primary income distribution refers to the initial allocation of gross factor incomes, such as interest, wages, profits, and rents, among the factors of

production without government intervention. Secondary income distribution means the net income distribution after the governmental adjustments in the primary income distribution through subsidies, taxes, social security premiums, and social expenditures (Ataç, Önder and Turhan, 2008). Hence, government policies in money, pricing, foreign trade, fiscal matters, wealth, and education can significantly alter these income distributions. Additionally, the nature of the economic system, whether it is based on market economies or welfare states, the degree of governmental involvement in the system, the economy's current state, the growth strategy, the development plans pursued by the government, and the overall level of the country's development are also among the key factors in designing policies for changing income distribution.

Table 5: Sectors and International Measures

Years	Agriculture, Forestry and Fishing	Manufacturing	Construction	Accommodation and Food Service Activities	Real Effective Exchange Rate	Terms of Trade	Current Account Balance
2008	96	109.8	118.9	96.6	111.13	..	-5.12%
2009	100	100	100	100	113.62	..	-1.75%
2010	107.7	109.2	116.7	108.3	120.17	..	-5.74%
2011	111.4	131.3	145.8	132.8	103.31	..	-8.87%
2012	113.8	134.1	157.7	143.8	110.95	..	-5.37%
2013	116.5	147.3	180.3	156.9	100.89	92.49	-5.75%
2014	117.2	155.5	188.9	169.2	105.69	94.06	-4.05%
2015	128	164.7	198.3	175.6	98.99	100	-3.08%
2016	124.7	171.3	208.4	164.1	93.48	103.63	-3.07%
2017	130.8	187.2	227.9	187.9	86.26	98.14	-4.65%
2018	133.8	189.9	223.7	216.2	76.30	94.42	-2.59%
2019	137.8	185.6	204.4	221.4	76.06	94.48	1.42%
2020	145.8	191.2	193.1	143.3	61.96	98.47	-4.43%
2021	141.4	226.8	191.9	205.5	47.70	85.93	-0.88%
2022	143.2	236.7	178.3	271.4	54.84	75.7	-5.37%
Average	123.2	162.7	175.6	166.2	-	-	-

Table 5 provides the index values[5] for Türkiye's GDP, calculated using the production method for selected activities, with 2009 as the base year. Among the main sectors comprising GDP, namely agriculture, manufacturing, construction, and services, the manufacturing sector has been showing the highest production in recent years relative to the base year. However, when considering average production since the base year, construction leads with an index value of 175.6, followed by the services sector with an index value of 166.2. This comparison implies that construction and tourism are the locomotive sectors of Türkiye's economic growth.

The "Turkish Economic Model", introduced in 2021, seeks growth and development through a competitive exchange rate strategy, similar to the approaches used in Far Eastern countries. This model necessitates an analysis of foreign trade policies in addition to sector-specific growth strategies. For example, an import-substitution growth strategy is expected to benefit fixed-income earners by boosting domestic demand. In contrast, an export-oriented growth model might disadvantage labour income, as achieving comparative advantages often relies on cheap labour. In economies focused on export-driven growth, incentives typically favour entrepreneurs. However, policies that excessively undervalue the local currency to stimulate exports can paradoxically reduce the national income, thereby reducing the income share of all economic segments. Consequently, both foreign trade and exchange rate policies play a significant role in determining income distribution. They influence the balance between different economic sectors and income groups, affecting the allocation of national wealth across the economy.

A rise in the real effective exchange rate in Table 5 means a real appreciation of the Turkish Lira. Based on the index value of 100 for the base year 2003, the Lira has continuously depreciated, aligning with competitive exchange rate

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[5] The share of the mentioned activities in GDP are not preferred here to facilitate the comparison. Because the data exclude taxes and subsidies, administrative and support service activities, or professional, scientific, and technical activities.

practises. This policy seeks to stimulate growth[6] by substituting imports and boosting exports. Theoretically, a stronger currency should positively influence growth by encouraging savings, investment and employment (Glüzmann, Levy-Yeyati and Sturzenegger, 2012) and by easing the balance of payments constraints (Razmi, Rapetti and Skott, 2012). However, the terms of trade data in column 7, with 2015 as the baseline, show a downward trend with values persistently below 100. The values of terms of trade, calculated by dividing the unit value index of exports by that of imports, above 100 enhance national welfare through foreign trade, whereas values below 100 indicate a detrimental effect on the country's welfare. In this respect, the trend of terms of trade implies that the anticipated welfare benefits from a competitive exchange rate policy have not realised. Furthermore, a consistent negative current account balance signals a deficit, indicating that investment, service, and transfer revenues are insufficient to offset the foreign trade deficit. In the light of this and considering the convergence of incomes across the top and bottom deciles in Table 3, the situation in Türkiye might exemplify "impoverishing growth", as conceptualised by Bhagwati (1958). Put differently, the government's competitive exchange rate strategy and its selection of sectors as growth engines through foreign trade and economic policies did not lead to improvements in income disparity.

An unequal distribution of wealth inevitably leads to income inequality, primarily because substantial savings are typically made by the wealthy. To mitigate this inequality, implementing tax policies that redistribute income and wealth, policies that broaden wealth distribution at the grassroots level, and providing subsidies or tax concessions for low-income earners are crucial. Moreover, policies aimed at preventing the concentration of property and wealth within groups are vital for income redistribution. Examples of such policies include selling shares of privatised government enterprises to lower- and middle-income groups and offering social housing to residents at reasonable prices with affordable instalments. By enabling the working class to own capital and property,

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[6] For detailed information on the requirements under which a competitive exchange rate can favourably affect growth and welfare, see Ökten and Asfuroğlu (2022).

such measures encourage them to contribute more effectively to the economy. As they work harder and more productively to manage housing instalments and invest in shares, they not only boost overall economic growth but also increase their share of total income. Investment, essential for wealth creation, requires savings. Since high-income groups have more savings opportunities than low-income groups, policies that encourage savings among the latter play a central role in reducing income inequality. For this purpose, instruments such as government savings premiums, compulsory savings, and low-interest loans can be effective.

Taxing different income groups at varying rates and providing diverse levels of transfers can redistribute income among these groups. Utilising taxes from higher-income groups for public services needed by lower-income groups, channelling transfers and public spending towards the lower-income groups and the unemployed, and directing public investment expenditures to underdeveloped regions and sectors are key strategies for diminishing income inequality. Implementing progressive tax policies, reducing indirect taxes, increasing wealth taxes, and exempting minimum wages from taxation are fiscal approaches that favour low-income groups. Additionally, enforcing laws to prevent tax evasion is vital, as inadequate tax revenues reduce the funds available for addressing income inequality. A public deficit can also lead to higher real interest rates and the need for domestic borrowing, benefiting capital owners and further skewing the income distribution away from labour incomes. In short, fiscal policies are pivotal in shaping the difference between primary and secondary income distributions.

Figure 2: Fiscal Policies
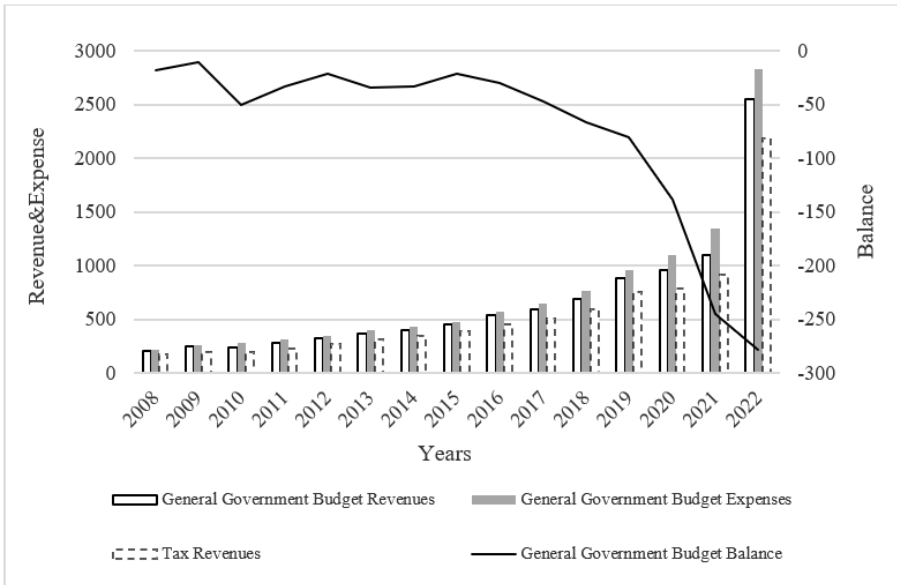
Source: The Ministry of Treasury and Finance

Figure 2, which presents data in millions of Turkish Liras, illustrates that the general government budget expenditures have exceeded revenues each year, resulting in a budget deficit. Note that the deficit has intensified over the last seven years, as demonstrated by the steepening slope of the budget balance on the line graph's right axis. Tax revenues, a significant component of budget revenues, have seen a substantial increase since 2009, reaching a level in 2022 that is 11.8 times higher than that in 2008. This implies a significant increase in the potential resource for reducing income inequality. However, when this growth in tax revenues is compared to the P80/P20 ratio in Table 4, a proportional decrease in income inequality is not observed. The P80/P20 ratio's mere 1.5% reduction over the same period suggests that, despite the increase in tax revenues, fiscal policies have not been effectively utilised to mitigate income inequality. While it is unrealistic to expect all tax revenues to be dedicated to this purpose, the limited change in the income distribution ratio indicates a missed opportunity for more impactful fiscal interventions.

The Gini coefficient, ranging from 0 to 1, is a widely used measure of income inequality, where a value approaching one signifies greater inequality. In Figure 3, the line chart displays the Gini coefficient based on household disposable income, while the dashed line shows the Gini coefficient calculated excluding all types of social transfers like pensions, survivor's, disability, and sickness benefits together with education- and family/children-related allowances. Lastly, the dotted line demonstrates the Gini coefficient calculated excluding all types of social transfers except pensions and survivor's benefits (i.e., including pensions, voluntary retirement, elderly, widow, and orphan pensions, and excluding all other social transfers).

Figure 3: Gini Coefficients
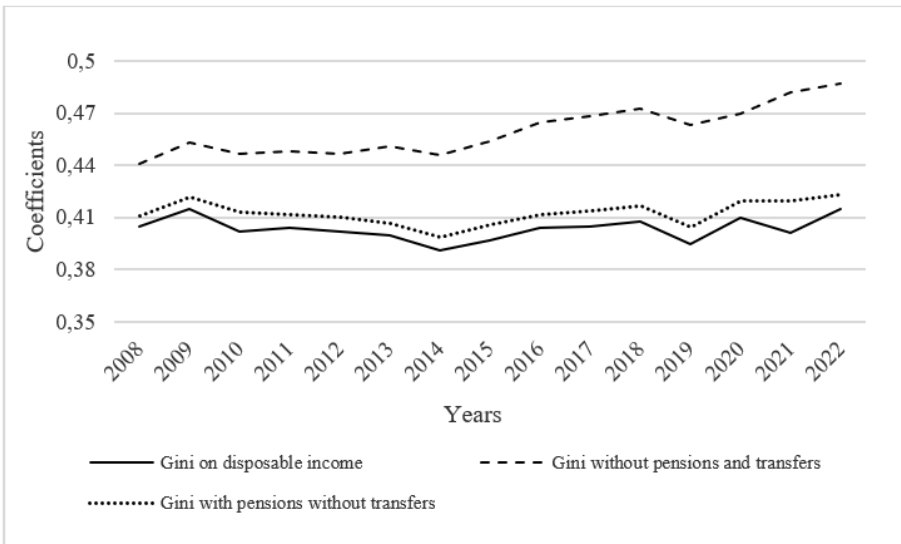
Source: TURKSTAT

The Gini coefficients calculated using disposable income and those without social transfers have closely followed each other, with both indicating a recent increase in income inequality. In fact, the coefficient representing income without any social transfer additions consistently shows higher inequality, which has been particularly rising since 2019. This trend suggests that social transfers play a critical role in mitigating income inequality, not pensions for pensioners, the elderly, widows, orphans, and voluntary pensioners. The similarity in the Gini coefficients

across all calculations from 2008 to 2022, with their recent increase, indicates an ongoing and worsening deterioration in income distribution. The data imply that, despite various measures, the gap between different income groups is not narrowing effectively, highlighting the lack of more targeted or robust policies to address this issue.

Being equipped with advanced knowledge and skills determines the level of income earned, changing the established distribution of income. Providing widespread vocational and technical training to enhance the labour force's quality is crucial in this context. Moreover, effective coordination and planning between educational institutions and employment sectors are key to aligning with the demands of the labour market. These factors contribute to balancing supply and demand, which can reduce income inequality. Moreover, the organisational structure of the public administration, the ability of the public administration to adapt its organisation, personnel, and the provision of fast and efficient services for the public without wasting resources are also among the drivers affecting income distribution.

Table 6 presents the index values of GDP for specified economic activities, calculated via the production method using 2009 as the base year. In 2020, compared to 2009, index values increased for all activities except education together with administrative and support service activities, which exhibited a decrease in 2019. The most significant increase was in administrative and support service activities, followed by one in professional, scientific, and technical activities, and education activities recorded the least growth. The activity with the highest average GDP was administrative and support service activities, while the lowest was public administration, defence and compulsory social security.

The administrative and support service sector encompasses activities, including rental and leasing, travel agency and related services, investigation and security activities, building-related services, landscaping activities, and office management (İŞKUR, 2021). The public administration and defence sectors involve activities aimed at business efficiency enhancement, administration,

Table 6: Economic Activities and Productivity

Years	Education	Professional, Scientific, and Technical Activities	Human Health and Social Work Activities	Administrative and Support Service Activities	Public Administration and Defence; Compulsory Social Security	Efficiency of Labour (%)	Labour Utilisation (%)
2008	98.7	97.4	95.9	102.8	98.3	-0.3	-0.1
2009	100	100	100	100	100	-4.1	-2.1
2010	102.8	108.3	102.4	100.4	99.4	2.5	4.2
2011	108.1	117.9	110.8	116.9	101.5	5.5	3.9
2012	113	125.6	114.3	128.4	105.6	2.1	1.3
2013	123	134.7	121.5	149.4	110	6.8	0.3
2014	132.6	143.8	122.6	168.6	114.8	-0.1	3.6
2015	136.8	167.6	124.7	193.5	116.1	4.1	0.6
2016	140.3	168.4	133.9	212.3	124.1	2.3	-0.3
2017	146.7	187.1	135.9	233.3	127.5	4.8	1.3
2018	154.5	182.6	146.6	229.3	147.8	2.5	-0.9
2019	161.2	183.9	153.9	224.3	157.4	3.8	-4.3
2020	158	185.6	166.2	201.3	164.9	17.9	-14.4
2021	167.1	213.5	187.8	239.2	172.1	-6.2	17.6
2022	172.3	238.3	200.5	264.7	174.4	-1.1	5.3

Source: TURKSTAT and OECD

dispatch of border and coast guard operations, response to domestic emergencies, oversight of research and development policies, and various social security functions such as managing sickness, occupational accident benefits, unemployment insurance, maternity support, temporary disability, and pension schemes. The compulsory social security sector includes public administration activities, foreign affairs services, justice and judicial operations, organisations of health, education, cultural services, and other social services, and compulsory social security functions. Despite the integral role of social security transfers in mitigating inequality, as inferred from Figure 2, the average resources allocated for public administration, defence, and social security have been relatively lower compared to administrative and support service activities. This indicates that while social security transfers are crucial for reducing inequality, the growth in resources dedicated to these areas has not been substantial.

The activities in columns 2, 3, and 4 are expected to contribute to reducing unemployment and enhancing labour productivity, given that education and health expenditures are also linked to human capital. To assess this, the last two columns of Table 6, showing the percentage changes in employee productivity and labour utilisation, respectively, are relevant. Efficiency of labour is measured as GDP in real prices per hour worked, whereas labour utilisation is calculated by dividing the hours worked by the population size. Both indicators show fluctuations in the rate of increase over time, with occasional decreases in levels. Interestingly, the data reveal a discrepancy between the index values and volatility. Specifically, while index values for these activities are rising, their impact on productivity is not consistently positive. The correlation between professional, scientific, and technical activities and labour utilisation is modest at 0.15, and it is even lower for education activities. In other words, despite the increased GDP value attributed to these sectors, their influence on enhancing productivity is relatively limited. This suggests that the activities directed towards education and professional services, including accounting, auditing, consulting and, research and development, may not be fully addressing the actual needs of productivity. Consequently, these sectors' potential to positively influence income inequality through enhanced productivity has not been fully realised.

Effective education policies are vital for ensuring equality of opportunity among individuals. To prevent educational monopolisation and thus provide equal educational opportunities, the government can implement policies such as granting national access to education, supplying necessary educational materials like books, and covering educational expenses. Disparities in educational facilities, particularly the lack of adequate schools and dormitories in rural areas, can trigger rural-urban migration. Migrants often end up being used as a low-cost labour force in urban areas, which can further widen income inequality. Furthermore, the high cost of quality education can create a barrier where only high-income groups can afford the best educational opportunities, perpetuating income inequality across income groups and, in return, generations. This scenario stresses the importance of making quality education accessible to all income groups to bridge the inequality gap.

Focusing on the population aged six and above, Table 7 presents the changes in educational attainment between 2008 and 2022. The data show a 23.7% decrease in the number of primary education graduates, a 246.7% increase in high school and equivalent vocational school graduates, and a 231.6% rise in college or university graduates. The net schooling rates, which represent the proportion of students in the appropriate age group for each education level, exhibit varied trends. There has been a decline in net enrolment rates for primary school, middle school, and primary education levels since 2012, the earliest year for which data are available, but an increase for secondary education. This suggests that while overall educational attainment has risen, the growth in the population eligible for primary school, middle school and primary education levels has outpaced the actual enrolment in these levels. Additionally, the last two columns of the table, covering formal education data, show that from the academic year 2008-2009 to 2022-2023, there has been a 63.2% increase in the total number of formal educational institutions and a 29.7% rise in student numbers. The breakdown of these increases between public and private institutions is detailed in Figure 4. This indicates substantial growth in the education sector, although wedges in enrolment rates at different education levels suggest ongoing challenges in achieving national education access.

Table 7: Education

Years	Level of Education Completed			Net Schooling Rate (%)				Sum of Formal Education	
	Primary Education	High School and Equivalent Vocational School	College and Faculty	Primary School	Middle School	Primary Education	Secondary Education	Institution	Student
2008	6615736	9970816	3508954	::	::	::	58.52	45969	15351849
2009	7432613	10379231	4320813	::	::	::	64.95	46100	16137436
2010	10820045	11374336	4566049	::	::	::	66.07	46287	16845528
2011	11986436	11883336	5495749	::	::	::	67.37	46427	16905143
2012	12669905	12096830	5913187	98.86	93.09	98.8	70.06	61592	17234452
2013	13018720	12085335	6706780	99.57	94.52	99.31	76.65	61936	17532988
2014	10690444	12602922	7447269	96.3	94.35	97.1	79.37	59509	17559989
2015	9323169	12990847	8340145	94.87	94.39	96.44	79.79	61203	17588958
2016	8481757	13717008	8922146	91.16	95.68	96.51	82.54	63153	17702938
2017	8691859	13965346	9246040	91.54	94.47	96.12	83.58	65568	17885248
2018	8832635	14785993	9754499	91.92	93.28	96.05	84.2	66849	18108860
2019	5678694	15426019	10257791	93.62	95.9	97.69	85.01	68589	18241881
2020	5468879	15773910	11006443	93.23	88.85	93.93	87.93	67125	18085943
2021	5132420	16697592	11637287	93.16	89.84	94.34	89.67	70383	19155571
2022	5048202	17442997	12166766	93.85	91.21	95.29	91.7	75019	19904679

Source: TURKSTAT and The Ministry of National Education

**Figure 4: Public and Private Education**
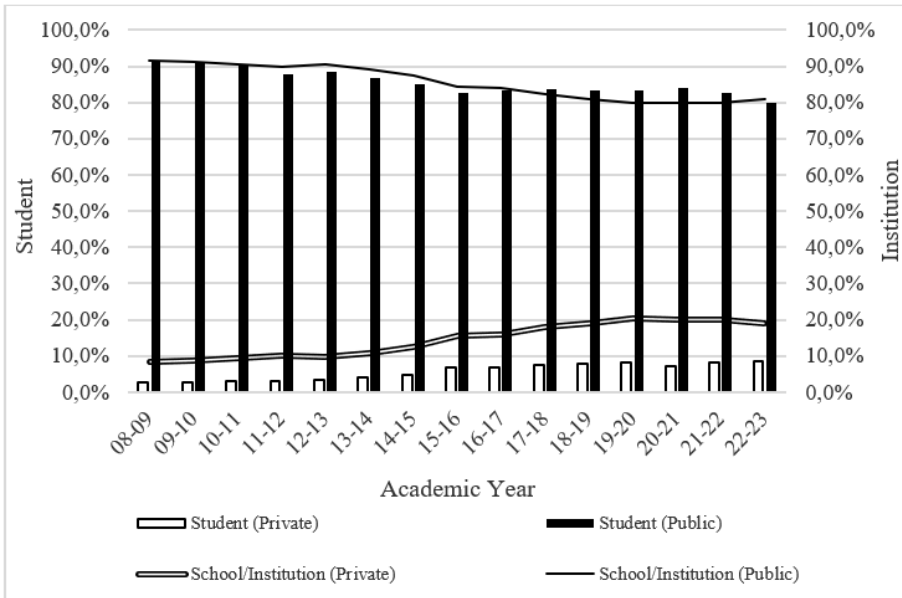
The data demonstrated by the black solid columns show a decreasing trend in the proportion of students in formal public education relative to the total number of students, while the share of students in private institutions illustrated by the white hollow columns has increased over the years. This trend is consistent with the percentages of the institutions. In other words, between 2008 and 2022, there has been a notable shift towards privatised education, with an increasing number of students attending fee-based private institutions. Consequently, this shift predominantly benefits those from higher-income families, suggesting a growing inequality in access to education services. Thus, the potential of education as a means to create equality of opportunity appears to be diminishing, with educational advantages increasingly skewed towards those who can afford private education.

Despite the rise in educational levels and the total number of educational institutions, persistent income inequality is evident in Türkiye. This is demonstrated

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[7] The percentages do not add up to 100% due to the presence of open education institutions.

by the declining ratio of labour compensation as a percentage of gross value added in Table 3, the stagnant or non-decreasing values of the P80/P20 ratio in Table 4, and the nearly constant Gini coefficients over the years depicted in Figure 2. To visualise this ongoing inequality, the Lorenz curve is a useful tool. It graphically represents the distribution of income across various population percentages, allowing for a clear comparison with the line of absolute equality. By analysing the Lorenz curve, the extent of income inequality can be gauged, illustrating the proportion of total income held by different segments of the population.

Figure 5: Lorenz Curve
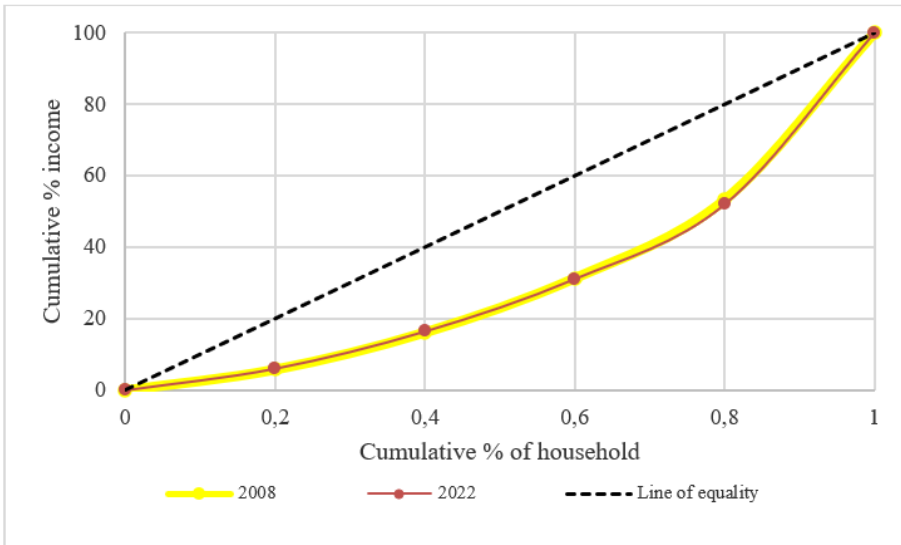
Source: TURKSTAT

Figure 5 features the Lorenz curves for 2008 and 2022, representing the income distribution across the first to the last quintile groups, each constituting 20% of the population. The curves, based on median income data, are remarkably distant from the 45-degree line, which symbolises perfect income equality. This distance indicates significant income inequality. Moreover, the curves for 2008 and 2022 almost entirely overlap, suggesting that the income shares of these quintile groups have remained largely unchanged over the 14-year period. This lack of change implies that the level of income inequality present in 2008 has persisted through to 2022.

3. Conclusion

The main argument of this study, which presumes that national inequalities are politically driven and thus a product of political decisions, suggests that income distribution is not only an economic phenomenon but also a political one. This highlights the importance of considering a country's political structure in analyses of national income inequality. Accordingly, this study examines the impact of populist governance on income inequality in Türkiye. In essence, it addresses whether income inequality in Türkiye represents a political choice, drawing on economic, social, and political data spanning 2008 to 2022, a period characterised by populist governance in Türkiye.

Findings of this study indicate that, despite the growth in real GDP, the share of income for the working class has fallen in recent years. Conversely, the share of income accruing to capitalists in national income has risen. The income gap between the lowest and highest deciles of the working class has narrowed over the years. This suggests a trend towards income levelling at or near the minimum wage level. The size of the informal economy and the proportion of unregistered workers have declined, which has led to increased tax collections. Despite the potential for fiscal interventions to reduce income inequality through increased tax revenues, this reduction was not materialised. Additionally, the anticipated welfare benefits from implementing a competitive exchange rate have not been achieved. Instead, this foreign trade policy has triggered impoverishing growth. There has been a deterioration in various political perception indicators, signalling a move towards automatisation. Meanwhile, Türkiye has been grappling with a chronic domestic debt problem, persistent and high inflation, and an education system increasingly leaning towards privatisation. These factors have collectively contributed to the persistent state of income inequality. In conclusion, the measures of income inequality have not shown significant changes from 2008 to 2022, indicating that the level of income inequality present in 2008 continues to prevail.

Neoliberalism emphasises free markets, minimal state intervention, privatisation, and deregulation as pathways to economic growth, often

deprioritising redistribution in favour of market efficiency, which intensifies inequality. In response, populist leaders frequently frame inequality and economic challenges in their rhetoric, using anti-inequality narratives to mobilise political support. They may implement tokenistic measures, such as cash transfers, which provide immediate but superficial benefits to their voter base without addressing structural inequality (Fischer, 2020). Populist leaders also tend to rely on patronage networks, selectively distributing resources to loyal constituencies rather than pursuing universal redistribution (Kenny, 2017). Furthermore, they often frame inequality in cultural or nationalistic terms, blaming external forces (e.g., immigrants, global markets) instead of addressing domestic economic structures, thereby diverting attention from systemic reforms (Leser and Pates, 2021). Additionally, populists may increase spending on visible, populist-friendly projects, such as subsidies or infrastructure, which do not necessarily address income inequality (Joppke, 2023). Systemic redistributive policies are often avoided because they risk alienating elites or large business interests, which are critical for political funding and alliances, thereby maintaining the status quo. In short, populism frequently prioritises short-term political gains over long-term structural reforms, resulting in inaction or superficial policies on income inequality despite its rhetorical prominence (Onis and Kutlay, 2020).

One of the key reasons for the AKP's rise to power (Yalvaç and Joseph, 2019, among others) was widespread dissatisfaction with previous neoliberal policies. In their 2002 general election manifesto, when the AKP first came to power, the party explicitly addressed income inequality, dedicating 18 pages to social policies, with three pages specifically focused on the issue (AKP, 2002). However, in their 2007 manifesto, the emphasis shifted to showcasing the outcomes of their earlier social policies rather than detailing concrete measures to reduce income inequality (AKP, 2007). Over the years, the AKP has implemented various social initiatives, such as "Support for Young People Getting Married (Evlenecek Gençlerin Desteklenmesi)," "Family Support Programme (Aile Destek Programı)," and "Birth Assistance (Doğum Yardımı)." Additionally, before several elections, they distributed goods like coal and pasta (NTV, 2014), established city hospitals in 22 provinces (AKP, 2023), and constructed infrastructure projects, including bridges, tunnels, and highways, using

the build-operate-transfer model. However, this approach led to the emergence of specific companies that frequently secured tenders for such projects between 2005 and 2022 (BirGün, 2022). Despite these efforts, the analysis in this paper concludes that the fiscal policies aimed at addressing income inequality were not systematically redistributive enough to counterbalance fiscal spending on initiatives like "Public Private Partnerships (Kamu Özel İşbirlikleri)". As a result, the Lorenz curves during the analysis period remained largely overlapping, and the Gini coefficients showed little to no improvement.

This paper does not aim to investigate the reasons behind the rise of populism in Türkiye or the disparity between populist rhetoric and its reality regarding inequality. As such, it does not establish a definitive causal link from populism towards the widening of income inequality, as the time span analysed does not permit for this type of regression analysis. Instead, the study explores various aspects of income inequality in relation to populism in Türkiye from 2008 to 2022, highlighting the historical economic and social effects associated with populist policies. During this period, institutional arrangements and power dynamics deteriorated, and tools that could have mitigated historical patterns of exclusion, such as the tax system, access to education, and social spending, were not effectively utilised. Hence, the findings clearly indicate that populism in Türkiye between 2008 and 2022 did not actively contribute to addressing existing income inequality, despite its ultimate promise. In other words, reducing income inequality did not appear to have been a priority or deliberate policy choice under populist governance in this period.

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Appendix

Data	Source
Annual Population Growth	TURKSTAT
Nominal Value Added Growth	TURKSTAT
Nominal GDP Growth	TURKSTAT
Real GDP Growth	World Bank
Compensation of Labour % Value Added	TURKSTAT
Compensation of Labour % GDP	TURKSTAT
Unemployment Rate	TURKSTAT
Government Effectiveness	World Bank
Regulatory Quality	World Bank
Rule of Law	World Bank
Electoral Democracy Index	V-Dem
Informal Economy %GDP (DGE)	World Bank
Informal Economy %GDP (MIMIC)	World Bank
Informal Labour %	ILOSTAT
Inflation (CPI, annual change)	TURKSTAT
Labour Income Distribution Ratio (D10/D1)	ILOSTAT
Net Operating Surplus and Mixed Income % Value Added	TURKSTAT
Net Operating Surplus and Mixed Income % GDP	TURKSTAT
Money Supply (M3)	Ministry of Treasury and Finance
Policy Interest Rate (Repo)	CBRT
Market Interest Rate (Deposits)	CBRT
Domestic Debt Stock (Million TL)	Ministry of Treasury and Finance
Domestic Debt/GDP	Ministry of Treasury and Finance
P80/P20	TURKSTAT
Agriculture, Forestry and Fishing (GDP Index)	TURKSTAT
Manufacturing (GDP Index)	TURKSTAT
Construction (GDP Index)	TURKSTAT
Accommodation and Food Service Activities (GDP Index)	TURKSTAT
Real Effective Exchange Rate	CBRT
Terms of Trade	TURKSTAT
Current Account Balance	World Bank
Education (GDP Index)	TURKSTAT
Professional, Scientific and Technical Activities (GDP Index)	TURKSTAT
Human Health and Social Work Activities (GDP Index)	TURKSTAT
Administrative and Support Service Activities (GDP Index)	TURKSTAT
Public Administration and Defence; Compulsory Social Security (GDP Index)	TURKSTAT
Efficiency of Labour (%)	OECD
Labour Utilization (%)	OECD
Level of Education Completed	Ministry of National Education
Net Schooling Rate (%)	TURKSTAT
Sum of Formal Education	Ministry of National Education

Data availability statement: The data underlying the study can be obtained from 10.5281/zenodo.8348811.