

**THE SIGNS AND COSTS OF THE ELECTION ECONOMY IN THE ELECTIONS  
TOOK PLACE DURING THE PERIOD OF 2002-2018 IN TURKEY**

Page 36-45

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**ABSTRACT**

The election economy has passed to the literature of economics as the economic appearance of political structure's populist policies. In the period of 2002-2018 12 elections and referendums took place in Turkey. 5 general elections, 1 presidential election, 3 local elections, and 3 plebiscites were done in sixteen years.

According to the definition of M.Eğilmez in his article with the title "The Election Economy"; *it can be described as the government's using and directing means of the economy for this purpose in order to come into power again in the next elections.* Increases in the wages of officers, raising pensions and minimum wages, agricultural supports, decreasing tax rates, remitting tax penalties and delaying tax payments are the main means of the election economy using fiscal policy.

In every electoral period, treasury grants given to the political parties and election expenses have increased public burden significantly.

**Keywords: The Election Economy, Inflation, Unemployment, Exhortations**

## **INTRODUCTION**

In democratic management systems, country management is made with an election. Political parties enter the elections with various election regulations implemented in the existing order. Elections among parties, according to the voter's vote, deliver country management to the top-rated political party for a while.

Political parties are regarded as institutions that make public service. For this reason, they are organized as institutions whose wealth remains to the treasury. These institutions carry on with the assistance they took from the treasury. In every electoral period, they took assistance from the treasury again in the election activities. This system is like that in all democratic countries from all over the world.

A Political party that is in power in the electoral periods implements economic policies to gain the sympathy of the voter without considering the existing order. While these policies are useful for voters, they may also cause deteriorations in macroeconomic indicators. Although this is considered wrong, political parties do this in every period. The economy of the election that was made causes high debt loads, deteriorations in macroeconomic indicators and sometimes even economic crisis in the future.

These implementations of political parties take part in several financial theories such as opportunist electoral cycle theory and political conjuncture theories. This study will also answer the question of to what extent does the political power's being a coalition or a single party affects this situation.

There is a political party in Turkey that wins all the elections during the period of 2002-2018. This political structure shouldn't need an election economy because of being that much powerful. However, when the implementations are investigated according to the conjuncture, this situation's determination will be worked.

## **STATE**

Searching for good management and state starts with the Socrates and his student Plato who lived in the first era, and continues over the centuries. Plato searches ideal state and ideal political regime in his works, "The Republic", "Politics" and "Laws". In the first era Plato and Aristotle who lived in ancient Greece, Cicero from ancient Rome; in the middle ages St. Augustine, Thomas d'Aquino, Al Farabi, Ibn Khaldun; in the modern age Niccolo Machiavelli, Thomas Hobbes, Jean Bodin, John Locke, Montesquieu, Jean Jacques Rousseau etc. great thinkers always try to reveal what the ideal state is. (Aktan, 2015)

### **State Government**

It is possible to say that consensus on some universally acceptable principles about the basic characteristics of an ideal state has been reached. We see that especially from the beginning of the 1990s with the efforts of international institutions such as United Nations, World Bank, International Monetary Fund, and OECD debates on this subject intensify around a concept called "governance". On the other hand, we can say that very important headways have been made about necessary principles for ideal management with the development of new disciplines such as total quality management and change management. (Aktan,2015)

The normative principles that should be found in the ideal state, that is, the basic characteristics of the ideal state are summarized under twenty main topics;

- 1- The state must be an institution based on social consensus,
- 2- The state must be an institution based on social contract,
- 3- The powers and authorizations of the state must not be stood in a single hand,

- 4- The powers and authorizations of the state must not be centralized,
- 5- The framework and the borders of the “political” power and authorizations of the state must be determined in the state constitution,
- 6- The framework and the borders of “economic” power, authorization, task and functions of the state must be determined in the state constitution,
- 7- The state must be an institution based on sovereignty,
- 8- The interventions of the state on the functioning of the market economy and the price mechanism must only be when it is needed and at a very limited level,
- 9- The state must refrain from producing goods and services that private enterprises can offer in a better and more effective way; instead, it should determine the rules of the game in the market economy,
- 10- Transparency must be provided in state management,
- 11- The reason for the existence of the state is to ensure the rights and freedoms of individuals,
- 12- The state must not be governed by religious rules, but should be governed by the rules of law which individuals create with their free thoughts,
- 13- The state must be an institution that does not discriminate people because of their gender, race, religion, language, ethnic origin,
- 14- The state must not be an institution that will solve all problems of its citizens, but an institution that will provide assistance and support to those in need of consideration and protection. It is necessary to adopt the responsible state understanding, not the paternalist state understanding,
- 15- State must be an institution whose income and expenses are equal to each other in principle,
- 16- The state must be an institution that attaches importance to international political and economic relations and aims at engaging in international competition and integrating with the world economy,
- 17- The state must be an institution with universal values,
- 18- The merit system must be valid in the state management,
- 19- The state must be an institution based on participation. Attention should be paid to the implementation of techniques that encourage citizens’ participation in state management (referendum, public initiative, public veto, a right of recall, etc.). Semi-direct democracy is the only political system that will enable people to participate in state management,
- 20- It is necessary to adopt and implement the total quality philosophy to increase and improve the quality of state management.

There are elections in democratic management systems. These elections are among political parties. A political party, in the broadest sense, can be described as individuals’ coalition which shapes to control government tools legally. (Erkişi,2017)

Democratic management systems are based on the supremacy of law. It is necessary to be the sovereign right in the nation, to adopt the principle of equality, to have the same rights under the law. There are political parties. They are the political communities that are formed by the people who have different thoughts by coming together with opinion among themselves. The people make the election among the political parties, mostly voted political party form a government and manage the country.

In all the approaches of the political election cycles theories, it is seen that the main purpose of political parties is to come to power or to be reelected. In this respect, parties whose aim is to come to power or to retain power are expected to give priority to issues that are the most influential on voter votes, such as employment, growth and price stability. Electoral cycles

occur as a result of the government's macroeconomic policies that act with the primary motivation of reelection.

## **TREASURY GRANTS TO POLITICAL PARTIES**

Political parties are considered to be institutions that do public service. For this reason, treasury grants to parties are considered public expenditure. Although this view seems not to be fully accepted, it is accepted that the parties, which are partially assisted, are institutions that do public service. When a political party is closed its assets are transferred to the treasury.

Direct government aid to political parties began in the second half of the twentieth century and began to implement in most Western democracies in the last quarter. (Topuzkanamış,2013) Treasury grants for political parties to use in the elections are done. The treasury grants implementation is implemented not only in Turkey but also in many developed countries. In many countries, political parties can benefit from treasury grants in many models. While examining these models, it can be seen that there are direct and indirect assistance, as well as election assistance and regular annual assistance. In a model called "double financing", parties can benefit from both campaign assistance during the election periods and regular annual assistance. We see that turkey is one of those countries. This model is also seen in Germany, France, Spain, and Austria. In France, parties need to get 1% or more votes in at least 88 of 147 constituencies to benefit from the assistance. Another model is called the Scandinavian model. As the name implies, the countries where this model is seen are Sweden, Norway, Finland, and Denmark; also this model is seen in Belgium. In this model, political parties regularly receive state assistance and their subsidiaries are regularly supported by the state; but there is no financing aid for parties' election campaigns. In the model seen in The Netherlands, while parties do not receive state assistance directly, their subsidiaries are supported by the state assistance highly. In Canada and Australia, assistances are given only for election campaigns. Finally, "the private finance model" is seen in the UK, Ireland, New Zealand, Japan, and Switzerland, in this system public assistance is either not given or given at a very limited level.

## **ELECTION ECONOMY AND THEORIES**

### **Opportunist Electoral Cycle Theory**

Traditional opportunist electoral cycles became stylistic in 1975 with Nordhaus' creating a political-economic model that includes interrelation between politics and economy in democratic systems. (Eren ve Bildirici,1999:45)

In theory, inflation and unemployment are effective in voter behavior. Therefore, the government, which acts with the maximization of votes, implements policies that provide a combination of inflation and unemployment that will satisfy the voters. As long as other variables remain constant, unemployment and inflation are being high during the election period means that the vote against the party is going to be high. (Onur, 2004)

### **Political Conjuncture Theories**

One of the basic facts of economic life is that the economic activity level exhibits successive ups and downs, and as a result economic interests such as other employment and production level deviate from long-term trend values. (Karaçor, 2005) The cyclical deviations of certain macro-magnitudes from long-term trend values can be called conjuncture fluctuations. (Paya, 2001)

In the narrow sense, the political conjuncture fluctuations are the deviations in the macroeconomic variables and hence economic success from the elections and the election results. In a broad sense, it is a seasonal unemployment effect, which politicians do, who

manage the economy by cheating and are a candidate for election, by transferring funds to the economy during the electoral period, and personal income and long term impact on economic variables to obtain some economic and political advantage.(Karaçor,2005)

## **THE ELECTION ECONOMY**

The election economy can be defined as the political power's using and directing the means of the economy for this purpose in order to come to power again in the next elections. Increases in the wages of officers, raising pensions and minimum wages, agricultural supports, decreasing tax rates, remitting tax penalties and delaying tax payments are the main means of the election economy using fiscal policy. Such implementations as not increasing interest rates despite high inflation, encouraging credit expansion and increasing money supply are classified as developments proving that monetary policy is under the control of the electoral economy. Election economy is applied more or less throughout the world. While these implementations remain low in the economies where the democracy develops, transparency and accountability increase; they occupy a lot of place in the economies where the democracy does not develop much, transparency and accountability decrease.(Eğilmez,2018)

## **ELECTIONS IN TURKEY**

There are general and local elections in Turkey. Party candidates and independent candidates can attend to general and local elections. Political parties must meet the requirements to participate in the election. According to the political parties' law, to participate in elections political parties must have established organizations in at least half of the provinces at least six months prior to the voting day and made big congress or have a group in Turkish Grand National Assembly. Organization in a province requires the establishment of at least one-third of the districts of the province, including its central district.

### **Election History in Turkey**

During the period of Ataturk, 4 elections were held in total, including the 1923 election, in 16 years. Each of the 1923, 1927, 1931 and 1935 elections has different electoral implementations. Although the Republican People's Party entered this election alone, there were vacancies for the independent candidates. Thus, the representation of minorities and groups other than the Republican People's Party in the parliament was intended.

It was 1946 when the multi-party elections and referendums start. General elections were held in 1946. The first referendum was the 1961 constitutional referendum.

### **Elections in Turkey and Double Financing System in Treasury Grants**

Receiving treasury assistance in elections in Turkey entered into force in the 1961 constitution period. In this context, with the Election Law No. 5545 issued on 16 February 1950, the opposition parties were entitled to benefit from radio for the first time.

Direct state assistance to political parties in Turkey was decided first time in the article 74 of the Political Parties Act No. 684, 1965, "for use in party needs and party works." Again, in article 74 of the Political Parties Act No. 684, it was stated that how the state assistance would be made according to conditions. It was decided that the method of allocation is based on a five percent basis and based on a certain percentage of votes. Law organized money assistance, in line with the votes, taken in the parliamentary election. (Topuzkanamış, 2013)



## TREASURY GRANTS ACCORDING TO ELECTORAL PERIODS

### November 3, 2002 General election Period and Treasury Grants

According to the 1999 election data, treasury grants were distributed according to the votes of the parties.

According to this;

Political Parties	Parties Assistance (Thousand TL)
DSP	7.004.544.000.-
MHP	6.644.016.000.-
ANAP	4.429.344.000.-
DYP	4.377.840.000.-
CHP	3.151.321.000.-
AK PARTİ	3.151.321.000.-
SAADET PARTİSİ	3.151.321.000.-
TOPLAM	31.909.707.000.-

The budget was planned as 70 quadrillions in this election period. The political parties receive 1/5,000 of this amount as treasury grants.

### July 22, 2007, General Election Period and Treasury Grants

Political Parties	Parties Assistance (YTL)
AKP	94.144.000
CHP	53.245.000
DYP	26.209.000
MHP	22.958.000
Genç Parti	19.908.000
<b>Toplam</b>	<b>216.464.000</b>

In the 2007 general elections, a total of 216 million 470 thousand TL of treasury assistance was made. The total amount of GDP in 2007 is 843 billion TL. In this election period, the GDP ratio of the treasury assistance to the political parties is only 2.5 per ten thousand. This number is only for political party activities except for election organization.

### June 12, 2011, General Election Period and Treasury Grants

1/5000 of the budget was distributed to political parties as treasury grants. According to the 2007 election results, 3 parties received treasury assistance. In the last election, parties with more than 3% of votes were given treasury assistance.

Political Parties	Parties Assistance (TL)
AK PARTİ	124.363.143.-
CHP	83.608.383.-
MHP	57.148.012.-
TOPLAM	265.119.538.-

In the general elections of 2011, the amount of treasury assistance was around TL 265 million. This rate was 2.04 per ten thousand of the GDP of 2011. In 2011, GDP was realized as 1 trillion 297 billion 713 million TL.

### **June 7, 2015, General Election Period and Treasury Grants**

In this election period, 533 million appropriations were allocated to political parties. The distribution of these by the parties was as follows:

Political Parties	Parties Assistance (TL)
AK PARTİ	298.000.000.-
CHP	115.300.000.-
MHP	77.800.000.-
TOPLAM	491.100.000.-

The total amount of treasury assistance in the general elections of 2015 was 491 million TL. In this period, the ratio of treasury aids to GDP figure was 2.51 per ten thousand.

### **June 24, 2018, General Election Period and Treasury Grants**

Political Parties	Parties Assistance (TL)
AK PARTİ	270.900.000.-
CHP	138.500.000.-
MHP	65.100.000.-
HDP	58.893.000.-
TOPLAM	533.393.000.-

In 2018, the election assistance amounted to 533 million 393 thousand TL. In this election period, the election threshold was applied as 3%. When the GDP of the previous year is taken into consideration, the GDP ratio of treasury assistance was realized as 1.7 per ten thousand.

### **ELECTION ECONOMY IMPLEMENTATIONS IN TURKEY**

Election economy implementations are shaped according to the conjuncture. Generally, the strong political powers do not carry out studies that can be called election economics because

they are sure of the electorate and the vote. Accordingly, if we take into consideration the general elections in the period of 2002-2018, we see the periods applied and not implemented.

**A- NOVEMBER 3, 2002 GENERAL ELECTIONS**

- Civil servants' salaries were raised by 10%.
- Pension' was raised by 10%.
- Inflation differences were applied to civil servants and pensions.
- It was announced to be the lowest civil servant salary was TL 245 million.
- The implementation, which won't need decision of the Council of Ministers, was made for the civil servants' salary increases.
- \$ 64 million was allocated to tourism promotion.
- It is decided that 2.1 quadrillion resources will be transferred to agriculture.
- Tax increases were stopped and tax returns were decided to continue.

**B- JULY 22, 2007, GENERAL ELECTIONS**

- It was promised that the IMF's debts would be paid.
- It was promised that the turban problem would be solved.
- It was promised to be a success in the EU accession process.

Like promises, which had no economic basis, were in the foreground.

It is observed that, during this period, the AK Party did not make any promises for the election economy because it was the most powerful party and it didn't see a rival for himself.

However, the change in the sources of social assistance shows a hidden election economy.

**2006 Social Cooperation Budget 541.490.000.-**

**2007 Social Cooperation Budget 837.614.000.-**

**C- JUNE 12, 2011 GENERAL ELECTIONS**

The election promises for 2011 are generally seen as projects based on bureaucratic, institutional and economic growth. Some of these:

- The new constitution will be prepared with a democratic and participatory approach.
- We will discuss the Kurdish issue on the basis of freedoms.
- The fight against terrorism will be continued without going out of democracy.
- The judiciary system representing the conscience of the nation will be built.
- Gross national expenditure will be 2 trillion 64 billion dollars in 2023. The export target is \$ 500 billion in 2023.
- In 2023, Istanbul will be one of the top 10 financial centers in the world.
- The employment and the fighting against unemployment will be our priority.
- The goal of reducing unemployment to 5% in 2023,
- We will appoint a job and career counselor for each unemployed.
- Turkey will be the third country producing the unmanned aerial vehicle.
- We will create at least 10 world-renowned brands.
- We will be among the first 5 countries in 2023 in agricultural production.
- Divided roads will be 26,500 in 2015 and 36,500 km in 2023.
- In a few years, there will be pre-school education in all provinces.

While there has been no election promise in this election period to be the subject of the election economy, the most notable promises in these election promises are:

- No financial resources are specified for any promises,



- Policies for growth are not mentioned,
- No formula is put forward for the solution of basic economic problems,
- In the promises requiring monetary resources, sources other than a tax are not mentioned.
- The decrease in tax rates is not shown any employment address for unemployment, except for public resources.
- All parties make promises only by focusing on the outcome of the election.

#### **D- JUNE 7, 2015 GENERAL ELECTIONS**

- An extra raise of 100 pounds equal to the retirees of SSK and Bağ-Kur, whose salary is one thousand TL and below, subsequently, all civil servants and retirees were also covered.
- Since this implementation covered the farmer and the SSI general, it provided an additional income increase from 1 in 12 voters.

#### **Monthly load on the treasury;**

Annual = 11.255.000 x 100 TL=1.125.500.000-

#### **Annual load on the treasury;**

Annual =13.506.000.000 TL

- Register forgiveness for HSYK and an equal rise of 155 TL.
- Social assistance expenditures;

2015 social assistance expenditures compared with 2014:

First 6 months period	2014	2015
Social Transfers	653 million	1.678 billion
Family and Social Policies	1.936 billion	3.156 billion

#### **E- JUNE 24, 2018 GENERAL ELECTIONS**

- The configuration in tax and premium debts,
- 90% interest discount in cash payments in this implementation,
- Up to 36 months installment.
- The pension of the elderly was increased from 267 TL to 500 TL.
- It was decided to make an additional payment of 1000 TL twice a year to pensioners, the first payment was made before the election
- 1 year SSI premium exemption was introduced for those who want to start a new business between the ages of 18-29

## **CONCLUSION AND EVALUATION**

The election economy implementations in Turkey were seen in the 2002 period. However, it did not gain favor the political parties that applied it. In other election periods, it was carried out in the background with the social assessment funds until the 2015 election. In the 2015 and 2018 election periods, electoral economics implementations were observed. As

mentioned in the literature, tax and SSI configurations, salary increases, penalties, and mortgages, interest deletions have been observed.

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