

Cronies in Crisis: Economic Woes, Clientelism, and Elections in Turkey

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SNAPSHOT

SUMMARY

- Turkey's deepening economic crisis has eroded President Recep Tayyip Erdoğan's popularity ahead of elections in June 2023, threatening to oust the strongman from power for the first time in two decades. Yet a large number of voters continue to support the president despite his role in creating the crisis.
- During his twenty years in power, Erdoğan has developed widespread patronage networks and built clientelistic relationships with the private sector that have helped sustain his rule. This dynamic explains the continued support for the president and his ruling party.
- Amid the economic crisis, Erdoğan's ability to continue his patronage of clients, and the opposition's ability to pull these voters to its side, will help shape the outcome of the upcoming elections.

INTRODUCTION

Turkey's economic crisis is so severe that it makes global headlines on a regular basis.

This year alone, the Turkish lira has slid more than 27 percent against the dollar.² Inflation has now officially surpassed 80 percent (and unofficially 180 percent) and only keeps rising

1. The author thanks the Heinrich Boell Foundation, Washington, D.C., for its support of this publication and the associated roundtable discussion.

2. Natasha Turak, "Turkey's Lira Hits a New Record Low against the Dollar as Investors Brace for Another Rate Cut," CNBC, September 22, 2022, <https://www.cnbc.com/2022/09/22/investors-brace-for-possible-rate-cut-amid-turkeys-80percent-inflation.html>

as President Recep Tayyip Erdoğan refuses to let Turkey's central bank raise interest rates.³ As the bank moved to cut interest rates for a second straight month in September, banking stocks in the Turkish stock exchange plunged 35 percent, wiping out more than \$12 billion in market value in just one week and sending brokers and regulators scrambling to an emergency meeting.⁴

Bankers are not the only ones panicking. Since the lira's downward spiral began in 2018 and accelerated with the 2020 pandemic, the economic crisis has had a devastating impact on households across Turkey. The middle class is collapsing. Prices are so high that purchasing basic foods like milk or olives has become a strain for many families. More than two-thirds of the public reportedly struggle to buy food and cover rent.⁵ As of September, youth unemployment in Turkey officially stands at 19 percent.⁶ The Turkish internet abounds with college students and graduates lamenting unbearable inflation and sharing tips on how to emigrate.⁷

The crisis is threatening Erdoğan's career as well. Turkey's presidency and parliament are both up for grabs in June's elections, and as citizens suffer from the rising prices, many appear to be blaming the president. As of this summer, 75 percent of voters say the government is mishandling the economy—an ironic twist of fate for Erdoğan, who rose to power in 2002 on a promise to deliver economic prosperity and became Turkey's longest-serving ruler thanks to the country's

GDP tripling under his leadership.⁸ Yet public support for Erdoğan and his government have hit such record lows this year that political analysts have begun to debate whether the crisis could in fact spell the end of the Erdoğan era in Turkey after two decades. Catching the political winds, the opposition has centered its campaign on Erdoğan's economic mismanagement.

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One factor that will play a key role in how Turkey's economic crisis translates into votes in 2023 is clientelism. Over the last twenty years, Erdoğan and his ruling Justice and Development Party (AKP) have developed widespread partisan patronage networks across Turkey and built clientelistic relationships with the private sector. These relationships have helped Erdoğan sustain his rule

3. Beril Akman and Tugce Ozsoy, "Turkey Delivers Shock Interest Rate Cut as Inflation Set to Peak over 80%," Bloomberg, August 18, 2022, <https://www.bloomberg.com/news/articles/2022-08-18/turkey-delivers-shock-rate-cut-as-inflation-set-to-peak-over-80>; "Turkey's independent academics announce annual inflation rate as 186 percent," Duvar English, October 3, 2022, <https://www.duvarenglish.com/turkeys-independent-academics-announce-annual-inflation-rate-as-186-percent-news-61371>

4. Turak, "Turkey's Lira Hits a New Record Low."

5. Joshua Askew, "Soaring inflation and a collapsing currency: Why is Turkey's economy in such a mess?" Euronews, May 10, 2022, <https://www.euronews.com/2022/10/05/everything-is-overheating-why-is-turkeys-economy-in-such-a-mess>

6. Merve Özlem Çakır, "İşsizlik rakamları açıklandı" [Unemployment figures released], Anadolu Ajansı, September 12, 2022, <https://www.aa.com.tr/tr/ekonomi/issizlik-rakamlari-aciklandi/2682810>

7. Aynur Tekin, "Brain Drain in Turkey: amidst domestic turmoil, educated professionals flee to Germany," Duvar English, January 7, 2022, <https://www.duvarenglish.com/brain-drain-in-turkey-amidst-domestic-turmoil-educated-professionals-flee-to-germany-news-60086>; "High inflation fuels Turkey's brain drain," Deutsche Welle, June 17, 2022, <https://www.dw.com/en/high-inflation-fuels-turkeys-brain-drain/av-62161276>

8. "MetroPOLL Araştırma'dan son anket: AKP ve MHP seçmeni 'ekonomi kötü yönetiliyor' dedi" [Latest poll from MetroPOLL Research: AKP and MHP voters said 'economy is being managed badly'], *Cumhuriyet*, July 21, 2022, <https://www.cumhuriyet.com.tr/turkiye/metropoll-arastirmadan-son-anket-akp-ve-mhp-secmeni-ekonomi-kotu-yonetiliyor-dedi-1964036>



(L-R): President Recep Tayyip Erdoğan is shown with well-known moguls Mehmet Cengiz, Nihat Özdemir, and Mehmet Nazif Günel, members of the “gang of five,” in this undated photo. Photo credit: Yetkin Report

for two decades, paying him back for the favors in money, public relations, and votes. How the recent economic crisis impacts these patronage ties could determine whether Erdoğan manages to weather the storm or is tossed overboard.

Drawing on a recent POMED roundtable discussion held in partnership with the Heinrich Boell Foundation, Washington, D.C., this Snapshot presents an overview of political patronage and clientelism in Erdoğan’s Turkey and discusses how the economic crisis could affect these dynamics and voter behavior in 2023.

CLIENTELISM UNDER ERDOĞAN

One of the trendiest concepts in the Turkish political lexicon lately is *beşli çete*, or the “gang of five.” Invented by Turkey’s main opposition leader Kemal Kılıçdaroğlu in 2020, the epithet

refers to five Turkish conglomerates that have close ties with the AKP and Erdoğan and seem to be the main beneficiaries of the country’s public tenders. The companies—Cengiz Holding, Kalyon Grup, Kolin Holding, Limak Holding, and Makyol (MNG) Group—have received so many government contracts in recent years that they now make up half of the world’s top 10 companies to win public tenders in infrastructure investments.⁹ The dozens of major construction projects that these companies “won” in Turkey were worth more than 27 billion lira and include major bridges, tunnels, highways, and hospitals, as well as Istanbul’s massive new international airport.¹⁰

For Kılıçdaroğlu and many others in Turkey, the gang of five resembles an oligarchic group of men whose prosperity depends on Erdoğan’s regime and its corrupt practices. In March,

9. Gülçin Karabağ, “Kılıçdaroğlu’nun ‘Beşli çete’ dediği holdingler Cengiz, Limak, Kalyon, Kolin ve Makyol’un aldığı kamu ihaleleri” [The public tenders of the holdings Cengiz, Limak, Kalyon, Kolin and Makyol, which Kılıçdaroğlu calls the “gang of five”], Medyascope, December 14, 2020, <https://medyascope.tv/2020/12/14/kilicdaroglunun-besli-cete-dedigi-holdingler-cengiz-limak-kalyon-kolin-ve-makyolun-aldigi-kamu-ihaleleri/>

10. Due to the massive fluctuations in the Turkish lira over time, particularly since 2019, this Snapshot will not provide the U.S. dollar conversions of certain figures given in Turkish lira.

Kılıçdaroğlu called Erdoğan the gang of five’s “money collector,” for which the president sued him for one million lira for defamation.¹¹ Having put the economic crisis at the center of their campaigns for the 2023 elections, opposition leaders like Kılıçdaroğlu are taking on not only Erdoğan and the AKP, but also Erdoğan’s powerful allies in the business sector who symbolize the regime’s corruption and favoritism.

Erdoğan’s relationship with these five companies is illustrative of a larger trend. Two decades of continuous rule have afforded the AKP an exceptional opportunity to develop and maintain vast patronage networks and to build up a new economic elite that would displace the secular business class and be politically loyal to Erdoğan. While clientelism is nothing new in Turkey, the AKP’s “clientelistic network has proved to be qualitatively and quantitatively superior” to its precedents, write political scientists Berk Esen and Sebnem Gumuscu.¹² Thanks to its two decades in power, they argue, the AKP has been able to gradually “redesign” Turkey’s public procurement system and build an “unprecedented” network of dependents.¹³

Indeed, the AKP focused its initial years in power on expanding executive control over state resources and building up an AKP-friendly business elite. In its first decade, the AKP-led government privatized \$62 billion worth of public assets, an unprecedented scale in Turkey, which brought the party significant influence in the private sector. The AKP also passed 191 amendments to Turkey’s public procurement

law in order to enhance the government’s control over the procurement process at the expense of important checks like bureaucratic or judicial reviews.¹⁴ Notably, the changes gave the government the power to negotiate contracts directly without opening them up to public bids, and to keep its negotiations private, without any external audit. In 2020, the government distributed a total of 40 billion lira worth of tenders but opened only 1.4 billion worth of those to public bidding.¹⁵

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Government contracts grew to become the AKP’s main source of patronage for business cronies, boosting a new class of allies in the construction, energy, and defense industries.¹⁶ In its first decade in power, the AKP increased the

11. “Erdoğan Sues Main Opposition Leader for Calling Him ‘Money Collector’ of Five Construction Firms,” *Duvar English*, April 5, 2022, <https://www.duvarenglish.com/erdogan-sues-main-opposition-chp-leader-kemal-kilicdaroglu-for-1-million-liras-for-calling-him-money-collector-of-five-construction-firms-news-60772>

12. Berk Esen and Sebnem Gumuscu, “Why Did Turkish Democracy Collapse? A Political Economy Account of AKP’s Authoritarianism,” *Party Politics* 27, no. 6 (2020): 1075–91, <https://doi.org/10.1177/1354068820923722>

13. Esen and Gumuscu, “Why Did Turkish Democracy Collapse?”

14. Karabağ, “Kılıçdaroğlu’nun ‘Beşli Çete’ Dediği Holdingler.”

15. “En Çok İhale Alan 5 Müteahhit Şirket Değişmedi: 5 Yılda 161 Milyar Liralık İhale” [Top 5 Contractors Haven’t Changed: 161 Billion Lira of Tenders in 5 Years], *Evrensel*, June 8, 2021, <https://www.evrensel.net/haber/434884/en-cok-ihale-alan-5-muteahhit-sirket-degismedi-5-yilda-161-milyar-liralik-ihale>

16. Bahadır Özgür, “İnşaat-Siyaset Kompleksi: Kim, Kimi Besliyor?” [The Construction-Politics Complex: Who Feeds Whom?], *Gazete Duvar*, May 19, 2020, <https://www.gazeteduvar.com.tr/yazarlar/2020/05/19/insaat-siyaset-kompleksi-kim-kimi-besliyor>; İsmet Akça and Barış Alp Özden, “A Political-Economic Map of the Turkish Defense Industry,” *Citizens’ Assembly*, December 2021, <https://tr.boell.org/en/2022/05/23/political-economic-map-turkish-defense-industry>



The Turkish Contractors Association awarded Limak Holding an “Overseas Contracting Services Award” during a ceremony held with President Erdoğan in Ankara on August, 26, 2022. Photo credit: Limak Holding

share of high-value public procurement by six-fold to 8.5 percent of Turkey’s then-\$840 billion GDP. By 2014, the government had distributed \$500 billion worth of contracts without bureaucratic or judicial review. The recipients of most of the tenders are familiar names. Numerous records show the same Erdoğan-friendly companies such as the gang of five, as well as their partners and subsidiaries, winning successive contracts.¹⁷ Over the course of seven years, for example, a subsidiary of Limak Holding received 255 contracts from the AKP-led Bursa municipality.¹⁸

The crony capitalists have a mutually beneficial relationship with Erdoğan’s regime. Their close ties with Erdoğan and the AKP brings them not only favoritism in government contracts, ensuring a steady stream of revenue, but also special

treatment from other bureaucracies, such as protection or lenient treatment from law enforcement. In return, these businesspeople help re-elect Erdoğan with their votes, donations, and public diplomacy. Some conglomerates, for example, own media companies that act as Erdoğan’s propagandists.¹⁹ In fact, just five holding companies—including Ciner and Kalyon of the gang of five—own eight of the country’s ten most popular TV networks.²⁰ Cronies who do not own media networks can still help the AKP by planting stories or bribing journalists. And those without any media connections can show their gratitude by donating large sums to AKP-led charities, schools, or NGOs. At the very least, pro-AKP business leaders can compel their workers to vote for the AKP: Some construction companies, for example, reportedly even ask their workers to present photos of their

17. Özgür, “İnşaat-Siyaset Kompleksi”; “En Çok İhale Alan 5 Müteahhit Şirket Değişmedi,” Evrensel.

18. Ersan Kınık, “AKP’li belediyenin 103 milyon TL’lik ihalesi Limak’a gitti!” [AKP municipality’s 103 million lira tender goes to Limak!], İleri Haber, June 28, 2022, <https://ilerihaber.org/icerik/akpli-belediyenin-103-milyon-tlik-ihalesi-limaka-gitti-142288>

19. Merve Tahiroğlu, “Snapshot – Media in Turkey: Why It Matters and Challenges Ahead,” Project on Middle East Democracy (POMED), June 2, 2022, <https://pomed.org/snapshot-media-in-turkey-why-it-matters-and-challenges-ahead/>

20. For a full network map of business-media relations in Turkey, see the “Networks of Dispossession” mapping project: <https://mulksuzlestirme.org/index.en/>

ballot papers marked for the AKP as proof of their partisan loyalties.²¹

In addition to the crony capitalists, the AKP has a strong patronage relationship with a much less wealthy but also highly influential constituency: the urban poor. The urban poor constitutes the largest voting bloc in Turkey, representing 35–40 percent of voters.²² The AKP's Islamist predecessor, the Welfare Party, was among the first parties in Turkey to realize the electoral potential of this constituency and to develop patronage relationships with these voters by extending goods and services to poor neighborhoods that had long been neglected by secular parties in power. In Istanbul, home to Turkey's largest bloc of urban poor, such ties go back to the 1990s, when Erdoğan became mayor as part of the Welfare Party and started diverting city resources toward poor, religiously conservative districts to cultivate this voter base and build his political leverage. Today, the AKP uses its control of Turkey's welfare state to supply the urban poor with goods such as food, coal, and housing; public services; and jobs.²³ Residents of poor neighborhoods associate such goods and services not with Turkey's welfare state per se, but rather with the AKP's patronage of the pious Sunni-Muslim poor, which strengthens these voters' loyalty to the party.

CRONIES AND CLIENTS IN THE 2023 ELECTIONS

The current economic crisis has had an undeniable impact on Turkish politics. As economic conditions have worsened, the popularity of Erdoğan and the AKP has fallen markedly. Every month this year, opinion polls have shown rising support for the main opposition parties

over the AKP and its coalition partner, the far-right Nationalist Movement Party (MHP).²⁴ Turkey's six-party opposition alliance, led by the Republican People's Party (CHP), has not yet named a joint presidential candidate to run against Erdoğan, but Erdoğan has been polling neck-to-neck with all possible candidates, including CHP leader Kılıçdaroğlu and the CHP mayors of Istanbul and Ankara. Public opinion polls overwhelmingly point to inflation as voters' top concern.

AS ECONOMIC CONDITIONS HAVE WORSENERED, THE POPULARITY OF ERDOĞAN AND THE AKP HAS FALLEN MARKEDLY.

The opposition has capitalized on the economic crisis, putting it at the heart of its campaign for 2023. Since January, the six-party alliance (and the CHP in particular) has focused its public messaging on connecting the rising food prices to government corruption, cronyism, and authoritarian rule. The parties claim, for example, that Erdoğan's supercharged constitutional powers under Turkey's new "presidential system," which came into effect in 2018, have obliterated the independence of key institutions such as the treasury and central bank. This allows Erdoğan to run the country's economy according to his unorthodox macroeconomic theories that seek to combat rising inflation by cutting interest rates. CHP politicians also have

21. Düzgün Arslantas and Senol Arslantas, "How does clientelism foster electoral dominance? Evidence from Turkey," *Asian Journal of Comparative Politics* 7, no. 3 (April 2020): 559–575, <https://doi.org/10.1177/2057891120920718>

22. "Turkey's 2023 Elections: The Opposition Bloc's Strategy & Prospects," Middle East Institute, June 10, 2022, <https://www.mei.edu/events/turkeys-2023-elections-opposition-blocs-strategy-prospects>

23. Esen and Gumuscu, "Why Did Turkish Democracy Collapse?"; Melissa J. Marschall, Abdullah Aydogan, and Alper Bulut, "Does Housing Create Votes? Explaining the Electoral Success of the AKP in Turkey," *Electoral Studies*, 42 (2016): 201–212, https://www.researchgate.net/publication/281747264_Does_Housing_Create_Votes_Explaining_the_Electoral_Success_of_the_AKP_in_Turkey

24. "ORC Araştırma, 'Türkiye'nin en çok oy alan 3 partisi'ni paylaştı: Millet İttifakı farkı açıyor" [ORC Research shared "Turkey's 3 most voted parties': Nation Alliance makes the difference"], *Cumhuriyet*, September 24, 2022, <https://www.cumhuriyet.com.tr/siyaset/galeri-orc-arastirma-turkiyenin-en-cok-oy-alan-3-partisini-paylasti-millet-ittifaki-farki-aciyor-1984700>



Banner in Izmir, hung by a former opposition politician in April 2021 and later removed by the police, reads: "Citizens ask: Where is the \$128 million?" Photo credit: Halk TV

been exposing unaccounted-for government funds and expenditures as well as violations in public procurement procedures, hoping to turn voters' frustrations into a decisive opposition victory.²⁵

All that said, whether any more AKP and Erdoğan voters actually decide to jump ship in the 2023 election because of economic discontent is by no means certain. Despite the horrible economic conditions, the AKP and Erdoğan still enjoy around 30 percent and 40 percent support, respectively. Around two-thirds of those who voted for the AKP in the last general election, in 2018, say that they will vote for the party again in 2023.²⁶ As inflation worsens, Erdoğan

and his party will likely suffer further in opinion polls. But for voters benefitting from the AKP's patronage, abandoning Erdoğan will not be easy, due to the high risk of losing existing privileges. How these voters calculate their cost-benefit analysis will depend on several factors.

For one, ideological affinity is simply more important than economic conditions for some voters. Strikingly, although almost 90 percent of AKP voters say the currency crisis has affected their families negatively, only 42 percent say that the economy is being mishandled by the government.²⁷ Turkish political scientists often emphasize the importance of identity in Turkish politics, arguing that for many voters,

25. "Beşli Çete'den Limak'ın Kamudan Aldığı İhaleler Ortaya Çıktı" [The public tenders of Limak, one of the 'gang of five', revealed], *Cumhuriyet*, September 3, 2022, <https://www.cumhuriyet.com.tr/siyaset/besli-ceteden-limakin-kamudan-aldigi-ihaleler-ortaya-cikti-1976669>; Kübra Kırımlı, "Limak 7.7 milyar liralık ihalenin 5.8 milyarını pazarlıkla aldı" [Limak bought 5.8 billion of the 7.7 billion lira tender through bargaining], *Evrensel*, September 3, 2022, <https://www.evrensel.net/haber/469371/limak-7-7-milyar-liralik-ihalenin-5-8-milyarini-pazarlikla-aldi>

26. Author's interview with pollsters.

27. Author's interview with pollsters; İhsan Dağı, "AKP neden oy kaybediyor?" [Why is the AKP losing votes?], *Diken*, June 29, 2022, <https://www.diken.com.tr/akp-neden-oy-kaybediyor/>

emotional and ideological kinship with parties can overshadow concerns over economic policies.²⁸ Even as they are suffering economically, these voters do not hold the AKP or Erdoğan responsible for the economic crisis; instead, they see them as fellow victims, suffering alongside the public. To wit, some AKP supporters promote Erdoğan's talking point that the crisis is a product of Western "sanctions" on Turkey.²⁹ Similarly, many AKP voters in certain cities continue to associate key government services with the AKP even though the party is no longer running those municipalities. For example, some AKP voters in eight major Turkish provinces, including Ankara and Istanbul, that switched to opposition control in the 2019 local elections fail to connect key municipal services with the new political leadership and instead see them as a continuation of previous AKP policies.³⁰

Even voters who have a more accurate reading of the AKP's role in the economic crisis, however, may choose to look the other way on election day. Polls show that about one-third of the AKP's voters do not approve of its handling of the economy but say they will vote for the party anyway in 2023.³¹ Many of these voters seem to doubt that an opposition-led government would help with the crisis: 93 percent of those who voted for the AKP in 2018 tell pollsters that they don't believe another party would do any better.³² These voters may feel that they will be better off under the current system and its privileges than under an unfamiliar government that is likely to displace them with its own clients. Currently, the AKP continues to offer

services to the urban poor through its control over national welfare institutions. For voters who depend on such benefits, an opposition government could mean risking these resources altogether and giving up their privileges.

EVEN VOTERS WHO HAVE A MORE ACCURATE READING OF THE AKP'S ROLE IN THE ECONOMIC CRISIS MAY CHOOSE TO LOOK THE OTHER WAY ON ELECTION DAY.

For the most notorious Erdoğan cronies, an opposition government carries even greater risks. Without the AKP's favoritism, they could well lose the stream of public contracts that keep their businesses growing even amidst the crisis. Although the opposition bloc's second-largest party, the İyi (Good) Party, has expressed a more moderate approach toward these companies, CHP leader Kılıçdaroğlu shows little mercy and has vowed to cancel all existing government contracts if the opposition comes to power.³³ As the election approaches, Kılıçdaroğlu not only has refused to meet with the businessmen, but also has publicly accused them of waging a campaign against him by planting false stories with

28. "Turkey's 2023 Elections: The Opposition Bloc's Strategy & Prospects," Middle East Institute, June 10, 2022, <https://www.mei.edu/events/turkeys-2023-elections-opposition-blocs-strategy-prospects>; Can Selçuki, "Yoksullaşan alt-orta seçmeni neden hala AK Parti diyor?" [Why do lower-middle class voters still say AK Party?], Yetkin Report, October 26, 2022, <https://yetkinreport.com/yoksullasan-secmen-neden-hala-ak-parti-diyor/>

29. "AKP'den kopanın gerekçesi ekonomi, hâlâ oy verenin ise 'dış güçler'" [For those leaving the AKP the problem is the economy, for those still voting for it, it is 'foreign powers'], Evrensel, October 18, 2021, <https://www.evrensel.net/haber/445379/akpden-kopanim-gerekcesi-ekonomi-h-l-oy-verenin-ise-dis-gucler>

30. Author's interview with Turkish scholars, August 2022.

31. Dağı, "AKP neden oy kaybediyor?"

32. Author's interview with pollster.

33. "Kılıçdaroğlu, Diken'in 'beşli çete' haberini doğruladı: Arkasında kim var biliyorum" [Kılıçdaroğlu confirmed Diken's 'gang of five' news: I know who is behind it], Diken, September 9, 2022, <https://www.diken.com.tr/kilicdaroglu-dikenin-besli-cete-haberini-dogruladi-arkasinda-kim-var-biliyorum/>



In July 2022, Kalyon and Makyol Groups won a 5.7 billion lira contract to build two highways outside of Istanbul. Construction of one of these, the Şile-Ağva highway (shown above), began August 15, 2022. Photo credit: Intek Formwork and Scaffolding

pro-opposition journalists.³⁴ Indeed, under an opposition-led government, these cronies could lose much more than their profits: Kılıçdaroğlu has repeatedly vowed to “settle scores” with the gang of five when he wins the election, alluding to potential criminal prosecutions against these men and their companies for any corrupt and unethical dealings in which they have engaged under Erdoğan’s rule.³⁵

Given the hostility of the opposition, Erdoğan can reliably count on his closest cronies to stay on side as long as he can continue to find some projects to feed them with. And despite the

fiscal strain, he appears to be continuing the patronage.³⁶ This June, Limak Holding got 92 million lira from the government to relocate a Black Sea town in Artvin.³⁷ (The town needed relocation due to a controversial dam project from 2013—which was also built by Limak Holding and other members of the gang of five to the tune of 3.5 billion lira.) In July, Kalyon and Makyol Groups won a 5.7 billion lira contract to build two highways outside of Istanbul.³⁸

Erdoğan is also good at finding opportunities for his friends abroad. Businesses close to the president frequently accompany him on diplomatic

34. “Diken ‘liste iddiası’yla duyurmuştu: Kılıçdaroğlu’ndan ‘Alo Holding’ çıkışı” [Diken had reported it as the ‘list allegation’: ‘Hello Holding’ response from Kılıçdaroğlu], Diken, September 8, 2022, <https://www.diken.com.tr/diken-liste-iddiasıyla-duyurmustu-kilicdaroglundan-alo-holding-cikisi/>

35. “Kılıçdaroğlu: Halkımızla helalleşeceğiz ama ‘beşli çete’yle hesaplaşacağız” [Kılıçdaroğlu: We will make amends with the people, but we will settle scores with the gang of five], Diken, June 11, 2022, <https://www.diken.com.tr/kilicdaroglu-halkimizla-helallesecegiz-ama-besli-ceteyle-hesaplasacagiz/>

36. Ismail Ari, “Dev ihale Limak’ın ortağına verildi” [Huge tender given to Limak’s partner], BirGün, July 21, 2021, <https://www.birgun.net/haber/dev-ihale-limak-in-ortagina-verildi-352447>

37. “Çoruh rant vadisi oldu: 92 milyon TL’lik ihale Limak’a verildi” [Çoruh became a rent valley: 92 million lira tender awarded to Limak], *Cumhuriyet*, June 16, 2022, <https://www.cumhuriyet.com.tr/ekonomi/coruh-rant-vadisi-oldu-92-milyon-tlik-ihale-limaka-verildi-1947778>

38. “5,7 milyarlık dev ihale Makyol ve Kalyon’a verildi” [5.7 billion huge tender given to Makyol and Kalyon], soL TV, August 16, 2022, <https://haber.sol.org.tr/haber/57-milyarlik-dev-ihale-makyol-ve-kalyona-verildi-345412>

trips, and Erdoğan likes to ink deals during his travels.³⁹ Erdoğan's recent rapprochement with Saudi Arabia and the United Arab Emirates (UAE) each came with a \$10 billion investment in Turkish banks and companies—most probably ones with close ties to Erdoğan and the AKP.⁴⁰ Because many such companies are in the energy and construction sectors, they are also eligible for the multi-billion-dollar investments and loans pouring in from international and foreign financial institutions for Turkey's "green transition."⁴¹ In December 2020, for example, the European Bank for Reconstruction and Development (EBRD) provided 30 million euros to a subsidiary of Rönesans Holding, a major pro-Erdoğan company infamous for building the president a \$350 million palace in 2014, to build a hospital in Istanbul.⁴² Last fall, the UK Energy Fund invested \$291 million in the Kalyon Group's \$1 billion giant solar energy plant.⁴³ War zones bring opportunities, too. The Turkish government and businesses are reportedly developing projects for Ukraine's postwar reconstruction to be funded by the EBRD and the World Bank.⁴⁴

Despite such deals, Erdoğan and the AKP will face challenges to keep their patronage networks loyal as economic conditions worsen and the citizens and the government both find themselves in need of resources. Even before the economic

THE LOSS OF ISTANBUL AND OTHER BIG MUNICIPALITIES THUS DRIED UP A HUGE SOURCE FOR THE PARTY'S LARGESSE.

crisis, the AKP had already forfeited major resources when it lost control of key provinces in the 2019 local elections. While the AKP continues to control most of Turkey's 81 provinces, the CHP's 21 provinces together account for 60 percent of the country's GDP.⁴⁵ The Istanbul municipality in particular was, with its \$7.5 billion budget (in 2019) and massive economic potential, a major financial source for the AKP's patronage networks for 25 years.⁴⁶ The loss of Istanbul and other big municipalities thus dried up a huge source for the party's largesse. Since the 2019 vote, the currency free-fall, global pandemic, and booming inflation all followed in succession, making matters even worse. As the government's fiscal situation tightens, it may struggle to keep up its patronage networks.

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CONCLUSION

Twenty years ago, the AKP rose to power on a promise of economic growth and stability; for a decade, it delivered on that promise, bringing prosperity to many.⁴⁷ But that era now seems long in the past. Turkey's economy is in worse shape than when the party came to power. Every day, the lira loses more of its value as prices keep rising. As voters yearn for some macroeconomic stability and decent living conditions, they appear to be deserting the AKP.

With elections just around the corner, Erdoğan and his government are trying hard to improve the situation. They routinely announce new perks for citizens: more public housing, a higher minimum wage, better retirement and student benefits, tax cuts, debt amnesties.⁴⁸ Last month, Erdoğan announced a \$50 billion project to construct five hundred thousand new homes for low-income citizens, calling it “the biggest public housing push in the republic’s history,” and boasted that more than two million people have already applied for the housing.⁴⁹ He also carved out tax exemptions for businesses to cover employees’ gas and electricity payments through the coming winter.⁵⁰ And Erdoğan has taken foreign policy U-turns, reconciling with erstwhile enemies like Saudi Arabia and the UAE to draw their riches into Turkish banks and companies.

These measures fall short of giving Turkey the relief it urgently needs. The country requires far more foreign investment and serious structural reforms to overcome the crisis. But Erdoğan’s short-term measures will improve the circumstances of his clients, helping to power his patronage machine until the election. Indeed, if Erdoğan is to prevail in next June’s vote, he will need both to distract the electorate from his shameless role in perpetuating inflation, and to continue to feed his patronage networks for another year.

Clients of the Erdoğan regime, poor and rich, will play an important role in the upcoming elections. Although the economic crisis appears to be stripping away a significant number of voters from the ruling bloc, millions remain loyal to the AKP out of ideology, identity, and self-interest. If the Turkish opposition is to pull these voters to its side, it will need to do more than convince them of Erdoğan’s culpability in the crisis and their own ability to stop the meltdown. It will also need to persuade voters that the new, transparent, and meritocratic order that it seeks to establish will not leave them out to dry. The poor want to know that they will continue, regardless of their ideological disposition, to benefit from the welfare state, and AKP-friendly businesses want to have a future in post-Erdoğan Turkey.

No matter who wins the 2023 elections, Turkey’s recovery from this economic crisis will be long and painful. In addition to carrying out major

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reforms, Turkey's leaders will need to rebuild a strong and skillful workforce to put the nation back on its feet, and the growing brain drain makes that harder by the day. As a first step toward recovery, Turkey needs a hopeful youth

that sees opportunity at home and wants to stay in the country. And it can only get that through the rule of law, independent institutions, and a culture of meritocracy and accountability in both government and business.



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