



Minimum Wages in a High-Inflation Economy: The case of Turkey

by Cem Oyvat

Çizelge 1: Dört Kişilik Ailenin Açlık ve Yoksulluk Sınırı (TL/Ay) *

	Ağustos 2024	Aralık 2024	Temmuz 2025	Ağustos 2025
Yetişkin Erkek Gıda Harcaması	5.766,31	6.321,25	7.849,90	8.080,66
Yetişkin Kadın Gıda Harcaması	4.735,23	5.140,23	6.533,06	6.682,22
15–19 Yaş Grubu Çocuk Gıda Harcaması	5.691,31	6.246,25	7.756,15	7.968,16
4–6 Yaş Grubu Çocuk Gıda Harcaması	3.078,30	3.375,56	4.274,06	4.380,12
Açlık Sınırı (4 Kişilik Ailenin Gıda Harcaması)	19.271,15	21.083,28	26.413,17	27.111,17
Yoksulluk Sınırı (4 Kişilik Ailenin <u>Toplam Harcaması</u>)	62.772,48	68.675,17	86.036,38	88.309,98

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Minimum wage policies are a central instrument for reducing poverty, improving income distribution, and enhancing social protection. Yet their broader macroeconomic impacts remain contested, particularly in developing economies with persistent high inflation. Drawing on a Post-Keynesian framework, this paper examines the impact of minimum wage increases on inflation, unemployment rate, demand, and the trade balance in Turkey, a country characterized by persistent high inflation and where approximately three-quarters of the employees earn between 50% and 150% of the minimum wage. Using an empirical analysis, we analyse the relationships between minimum wage adjustments, consumer prices, unemployment, capacity utilization, and trade balance.

Our findings indicate that a 10% increase in the minimum wage raises annual inflation by 1.0-2.0 percentage points. This inflationary effect is primarily driven by the *cost channel*, as opposed to the *demand channel*. Exchange rate movements emerge as a more powerful inflation driver than wage adjustments in Turkey's context.

ALL WELCOME!

Cem Oyvat, is Associate Professor at the University of Greenwich in the School of Accounting, Finance and Economics. His research interests include income distribution in the developing world, agrarian structures and land inequality, urbanization, informal sector, gender economics, wage-led growth, conflict economics, and the effects of globalization on growth and distribution.

Easdale Foundation for Labour Research
Correspondence Address: 152 Fairfax Road, London, N8 0NL, UK
bilgi@emarvakfi.org | www.emarvakfi.org

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