

The Relationship Between Cost of Living and Minimum Wage in Türkiye

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Managing your finances?



Minimum Wage Definition in Türkiye

Current Definition

Wage paid to workers for a normal working day, sufficient to cover basic needs according to current prices.

Limited to individual worker's cost of living, not family needs.

Does not align with ILO Convention No. 131, which Türkiye has not ratified.

ILO Standards

Convention No. 131 considers:

- Needs of workers and their families
- Economic factors (productivity, employment)

Living wage includes social participation, not just survival.



Minimum Wage Determination Process

Legal Framework

Regulation on the Minimum Wage Determination Commission guides the process.

Key Criticisms

Government often aligns with employers. Process lacks balance and equal participation.

Commission Structure

Tripartite structure with representatives from government, employers, and workers.

International Standards

Türkiye has not ratified ILO Convention No. 131 on minimum wage fixing.

Minimum Wage as Percentage of Workforce (2003–2023)

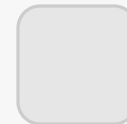
The percentage of workers earning minimum wage has dramatically increased over the past two decades, indicating significant wage compression in Türkiye's labor market.

This trend indicates that minimum wage is increasingly becoming the standard wage for a majority of workers rather than a safety net.



Wage Compression Effect

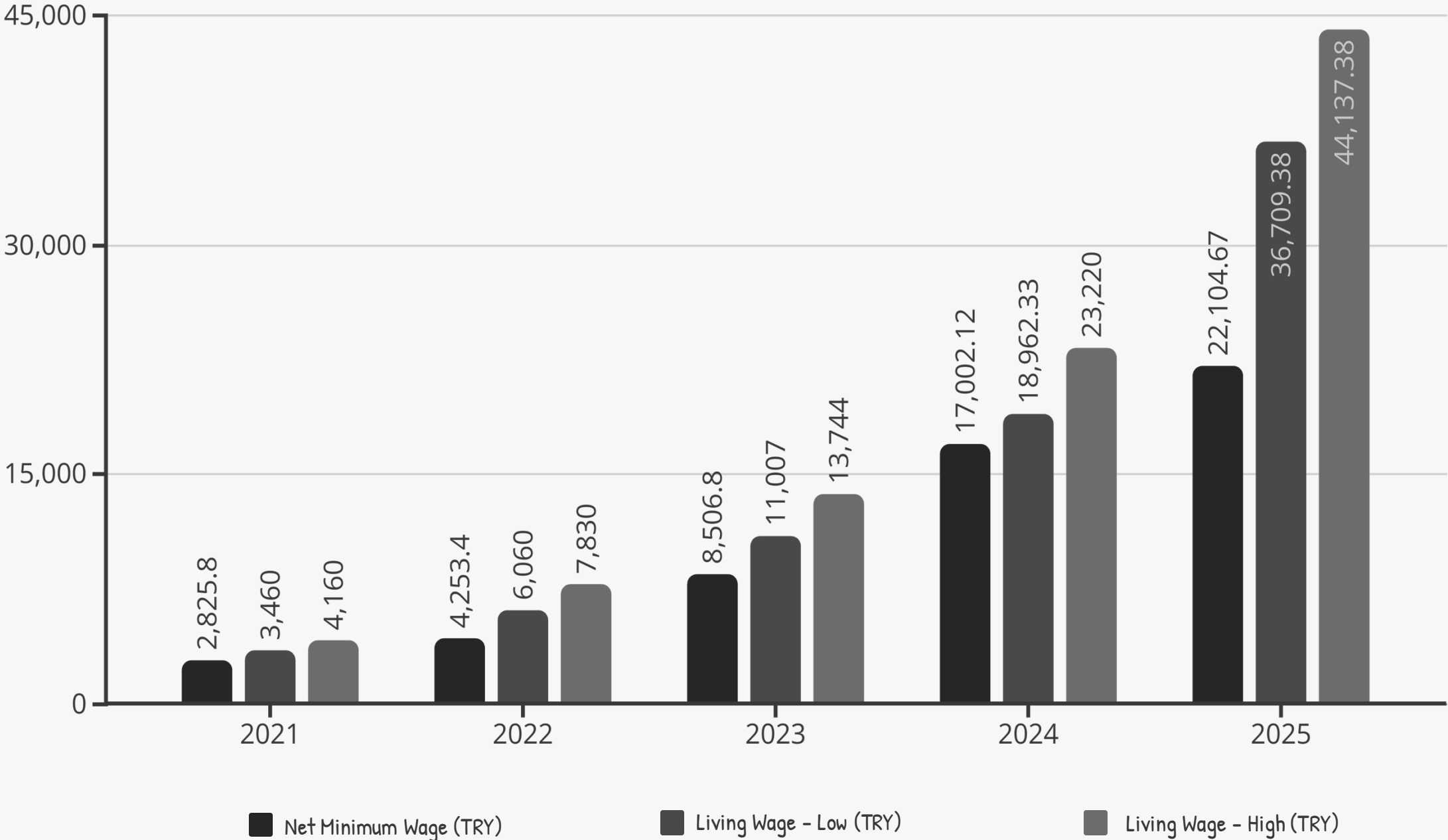
Average wage was 2.1 times the minimum wage in 2007, but fell to just 1.5 times by 2018. This compression shows that higher-wage jobs are disappearing, with more workers clustered at minimum wage levels.



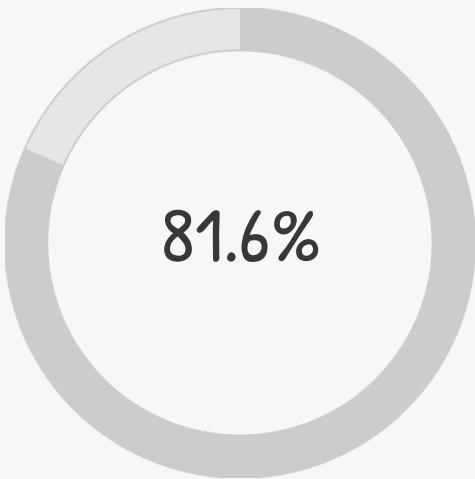
Social Impact

Over 10 million people in Türkiye (approximately 12% of the population) live on minimum or near-minimum wages, making minimum wage policy critical for alleviating poverty and ensuring adequate living standards.

Minimum Wage vs. Living Wage (2021-2025)

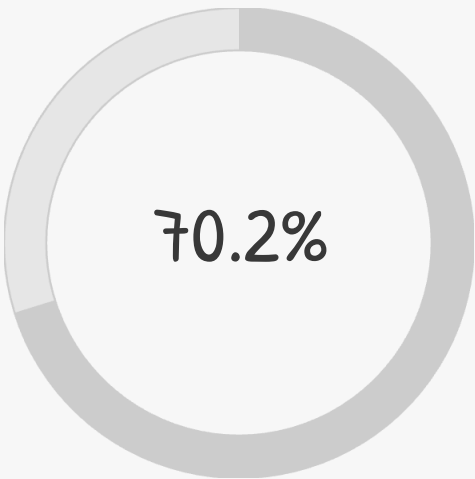


Coverage Rate Analysis



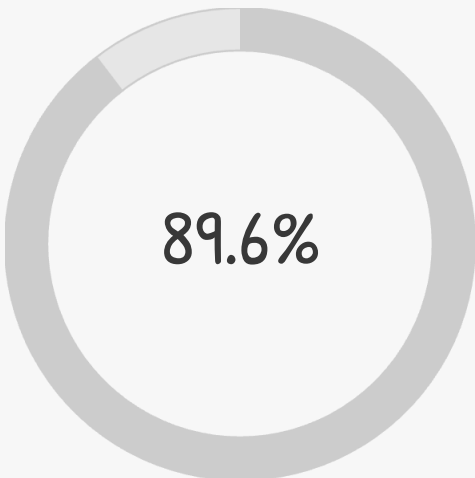
2021 Low Coverage

Minimum wage covered 81.6% of low estimate living wage.



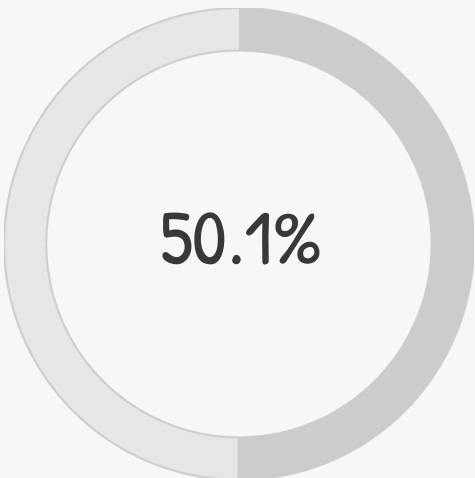
2022 Low Coverage

Coverage dropped as inflation outpaced wage increases.



2024 Low Coverage

Best year for coverage, reaching nearly 90% of low estimate.



2025 High Coverage

Minimum wage covers only half of high estimate living wage.

In 2025, living wage rose by 93.6% compared to 2024, while minimum wage increased only 30.1%.

Basic Expenditure Coverage

Year	Net Minimum Wage (TRY)	Food + Housing / Minimum Wage (%)	Other Expenses Covered?
2021	2,825.80	89%	No
2022	4,253.40	104%	No
2023	8,506.80	~82%	Partially
2024	17,002.12	~74%	Limited
2025	22,104.67	~82%	No

In 2025, food and housing expenses consume over 82% of minimum wage, leaving little for other necessities.

Neglected Expenditure Items (2025)

1,479.96

Transportation

Monthly cost in TRY

1,287.99

Communication

Monthly cost in TRY

1,154.10

Clothing

Monthly cost in TRY

892.82

Healthcare

Monthly cost in TRY

1,287.99

Childcare

Monthly cost in TRY

These essential expenses are largely neglected when food and housing consume most of the minimum wage.

Comparison with Trade Union Studies

TÜRK-İŞ (May 2025)

- Hunger threshold: 25,092 TRY
- Poverty threshold: 81,734 TRY
- Single worker cost: 32,463 TRY

BİSAM (Feb 2025)

- Hunger threshold: 22,886 TRY
- Poverty threshold: 79,165 TRY
- Single person poverty: 36,681 TRY

Trade union data closely aligns with WageIndicator findings. BİSAM's single person poverty threshold (36,681 TRY) nearly matches WageIndicator's low estimate (36,709 TRY).

Recommendations



Family-Based Approach

Adopt living wage criterion that considers family needs, not just individual subsistence.



International Standards

Ratify ILO Convention No. 131 and align with international labor standards.



Transparent Process

Use independent data sources like WageIndicator for monitoring wage policies.



Strengthen Collective Bargaining

Promote unionization to prevent minimum wage from becoming the average wage.

The minimum wage should be a tool for social justice, not merely a wage floor.



Thanks a lot!