Crisis of the Public Procurement System in Turkey

Public procurement is one of the most substantial field between public and private sectors due to the fact that it determines the principles of economic relationship between them. They create significant opportunities for private sector’s capital accumulation through public projects. Thus, Public Procurement Law (PPL) has been at the center of the government and private company relationship. In the aftermath of 2001 economic crisis, the new PPL was prepared following the IMF and World Bank instructions. In addition, the EU conditions were influential on the creation of a new PPL in consistent with “EU Procurement Directives” which would enable access to Turkish markets by international capitals to gain membership status. As a result, the new PPL was enacted which have the new principles enabling the competition in the global scale.

However, the new PPL was amended and changed several times during the AKP (Adalet ve Kalkınma Partisi) period and it became one of the most effective mechanism of allocating public resources among the pro-government capital circles and the AKP clientelism. On the other hand, it became the nucleus of populist economy policy of the AKP. It provides social services to its electorates in the local governments by giving tenders to pro-government private companies. Thus, for private companies, while the procurement is important to increase capital accumulation, it is also becoming a duty for them to maintain good relations with the government.

This paper argues that in the recent difficulties of economy and rate shock process, sustainability of the existing clientelist procurement system is getting into trouble. Costs of the projects are growing for the bidders in the crisis process and their credit burden is increasing as a result of rate shock. By the departure of this argument, the paper focuses on tensions between the sustainability of the clientelist procurement system and the economic crisis.