

inequalities between countries

definitions of neoliberalism

① definition according to people who created it = neoclassical economy definition =

retreat of the state from economic sphere:

- no min wage
- no tariff
- no state pensions (eremlik)
- no unemployment money

consequences = ↑ growth, ↑ wealth

- trickle down economics
- ↳ no redistribution by the state
- ↳ no high income tax
- riches will create factories hire people ... (in theory)

trickle down:
(damlatmaç)

of an economic system
in which the poorest
gradually benefit as a
result of the increasing
wealth of the richest

— profit
— cooperation's
interest

② definition according to socialists, marxist, and others = what actually is =

reorientation of state capacities away from — regulating inequalities to protection of
— protecting labor

capitalist development and colonialism

inequalities between countries

why did west develop first? why the rich countries are rich, among other countries?

↳ about economic specialization of certain areas (basically division of labor)

(Gekirdik) core / periphery (Geure)

Trade in history:

shipping → later railways

- roads are not safe, so trade/economy is developed seaside countries

proto-primitive industrial land:

• wood/timber (kereste) are essential need for ships (also for houses, tools...)

- first cut trees in your area → then nearest coasts (to transport easily)

→ then further away from the city and river/sea: cost increases

theory of Kenneth Pomeranz (book: the great divergence)

? why capitalism developed in England when the other countries had the similar conditions?

• England / north eastern China / south eastern China / Japan

↳ in 16th/17th centuries, have similar technological development

main reason = environmental bottleneck (darboğaz / dar gezi) - cul de sac

↳ England has a new periphery via colonization for wood (when other don't have any more (eastern europe → baltic sea coasts → colonized America and Africa))

- cotton is used instead of wool → more land are freed (before for sheep)

third sector
in the economy
in sectors
in bank

Core

- secondary sector: transformation of raw materials to products

periphery

- primary sector: extraction of raw materials, agriculture, wood, timber, mining

- monopoly / monopolistic activities
 - * only be performed in a few places, that's why it is called mono.
- production, money, interest

- raw materials, wood, mining
- not much interest
- market / competitive activities

ex: textile in 19th century → textile today
need education → no need education

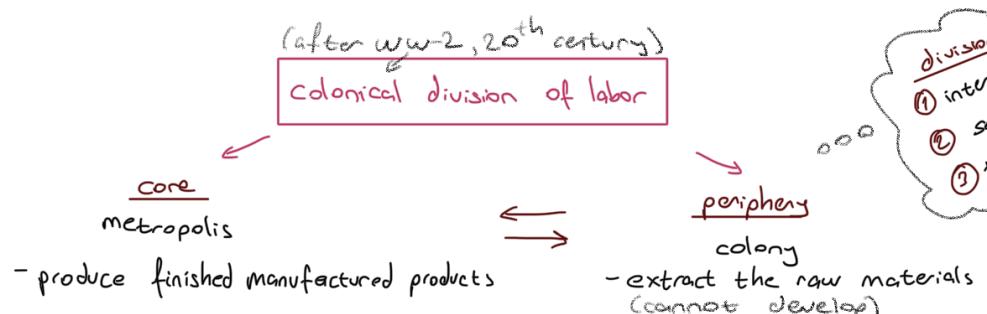
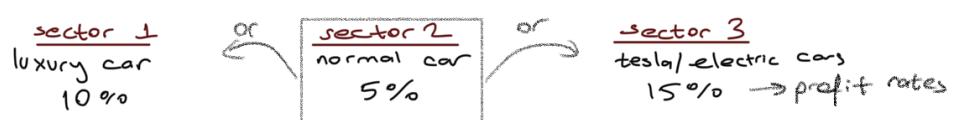
any kind of activity → by the time → because of

- technology spreads
- capital movement *
- profit rate *

- * if you do something first, you will have monopoly, money (only short amount of time)

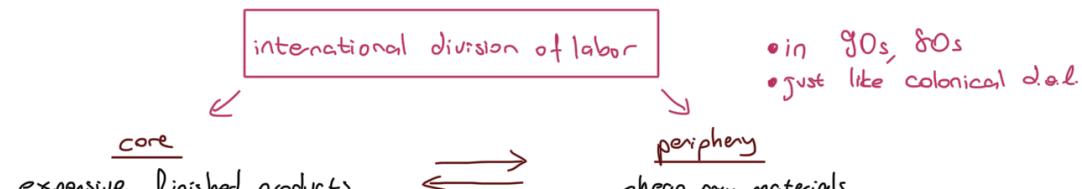
* in three main sectors of industry, there are subsectors in each.

ex:



division of labor

- ① international
- ② social (actual d.o.l.)
- ③ technical (in factor)



new international division of labor

intellectual property:

- ① patterns → protects / covers industrial design
- ② copyrights → protects the artistic production, literature, music, film, software, code
- ③ trade marks → protects logo, brand name

* before it would protect your design only within the country, but now → WTO
WTO: world trade organization (1995) (legal protection of monopoly)

↳ Total ...

- **TRIPS** = the agreement on trade-related aspects of intellectual property rights
 - ↳ created global intellectual property region: countries that join WTO except that the copy rights belong to the USA, Japan, North Europe...

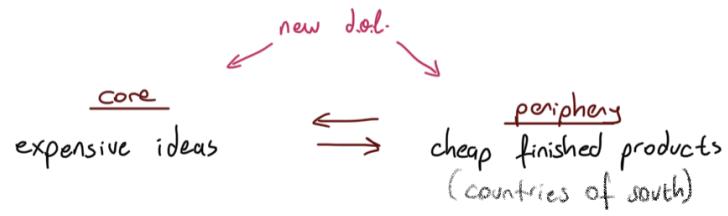
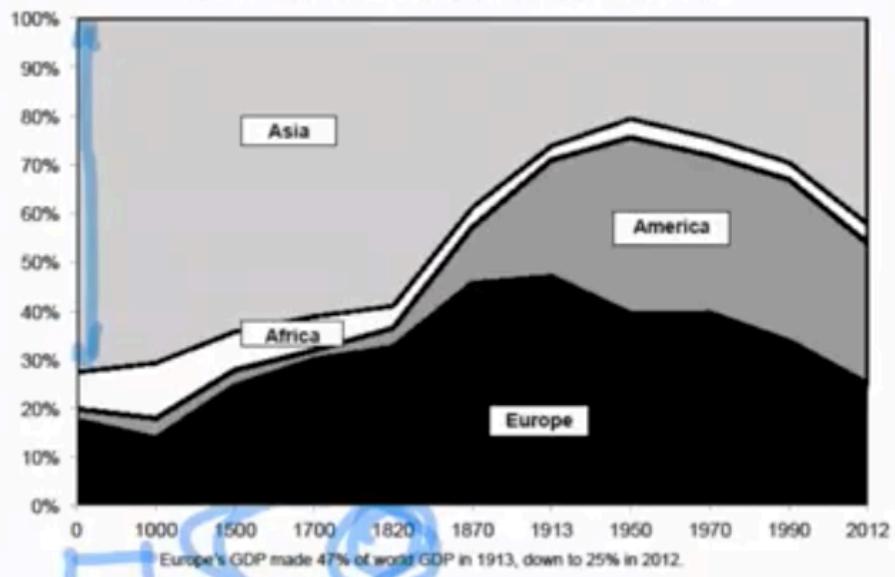
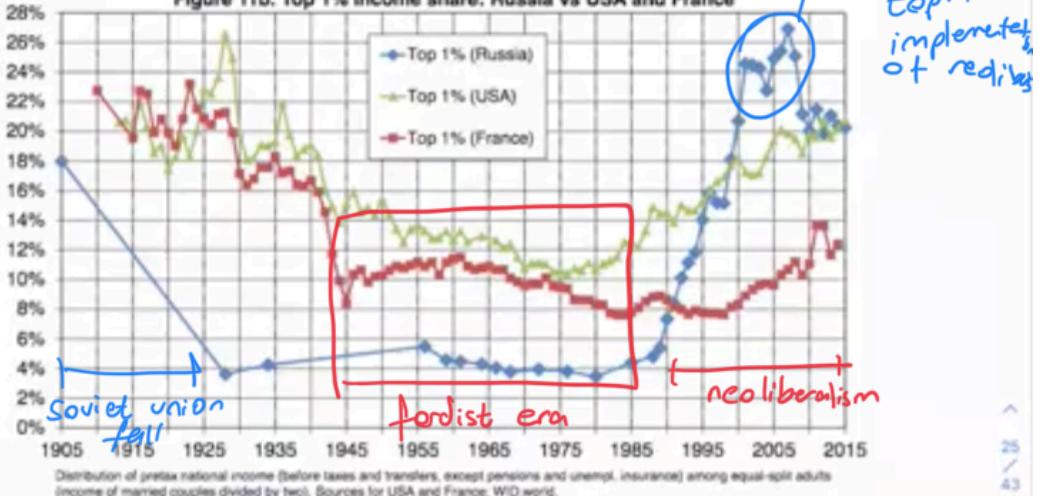


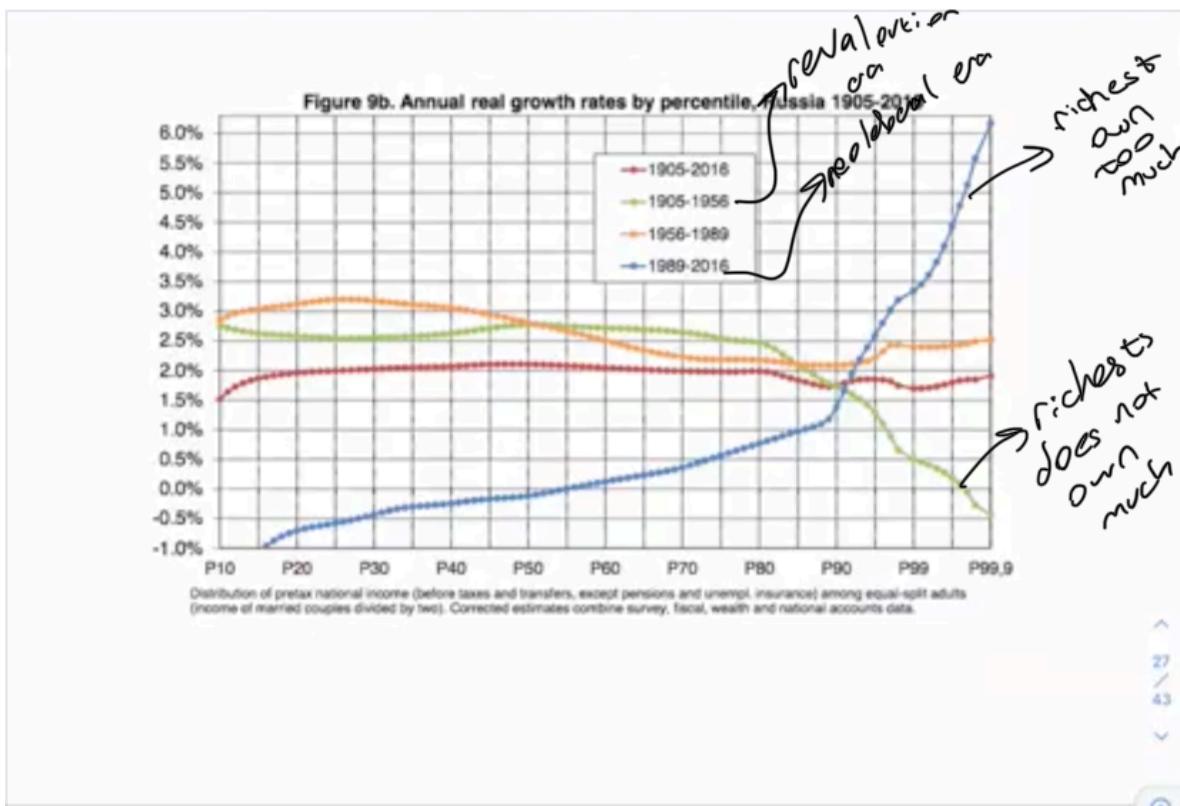
Figure S1.1. The distribution of world output, 0-2012



fastest economic development in the history → Japan → first
 (late but) cutted up ← Soviet Union → second
 state took the role of the production

Figure 11b. Top 1% income share: Russia vs USA and France





to catch up with the developed world

↳ second world: another development project (soviet development)

↳ third world: yet another development project

the programs that they followed to develop:

ISI = import substitution industrialization (1960s/1970s)

- neocolonialism

- do not import goods from the core → they should primarily be produced in the core
 ↳ which goods?
 ① national agricultural sector
 ② new industrial sector
 ③ population of country / people / consumer goods

- put high tariffs on these goods, to protect local (breaks core/periphery relation)

★ this is how US developed

ISI is hard because you don't have capital / accumulated wealth

↳ you need loans (kredi) → suppliers ④ US: \$ (dollars)

② USSR: Ruble or local currency → repayment can also be done as kind product

third world as political alliance

NAM = ^(beginning) non-aligned movement (1961) - old colonies - indonesia, india, brazil..

NIEO = new international economic order (1974) - to replace US dominance

1970s and 1980s - more and more - oil and gas - globalisation with social - economic

1. TV productivity crises reason → ↓ oil shocks ① the war with iran - arms prevent

② iranian revolution

↳ period of stagflation (ıssizlik ↑ fiyatlar ↑)

↳ economic stagnation + inflation → prices↑ value of money↓
durgunlik - happens bc of development (normally)
- not good for rich people

election of nationalist, conservative, anti-third worldist governments

↳ in US = ronald reagan - 1980

↳ in UK = margaret thatcher - 1979

Paul Volcker shock:

federal, central bank of the USA

consequences in the USA =

- wanted to stop inflation → by hiking interest rates → makes hard to get credit
for firms → collapse

- inflation 12% → 20%

- prices of credit ↑

- bankruptcy of the least profitable firms (it was the main goal.
in USA, state do not control the sector
moving capital from old sectors to new areas)
ex: detroit

international consequences =

- ↑ in exchange rate of dollar

- ↑ in cost of borrowing in dollars

3rd world countries

cannot pay their credits

result

third world debt crisis (1980 - 2000+)

- risk of going into the default (failure to fulfill an obligation) - cannot pay back - mexico
- oil owned countries developed, others did not.

IMF = international money fund → SAP: structural adjustment programs

- provide liquidity / loans

(dilim) money given
conditional - trances → little by little

SAPs: (conditions)

- ↓ state budget / expenditures - health care, education, state corporations...

- ↓ tariffs - liberalization of trade (small firms collapse)

- ↑ privatization of state enterprises (selective)

- goal: export led economy / growth → trade surplus

(raw materials) → cash crops: agricultural products + minerals/metals
commodities

consequences of SAPs:

- social crisis (welfare level collapsed in periphery countries)

- export led economy / development fails because of ↓ prices of commodities raw materi

reasons: (durgun)
o financialization, sluggish industrial demand

(fazla lik)
o glut of commodities on world market

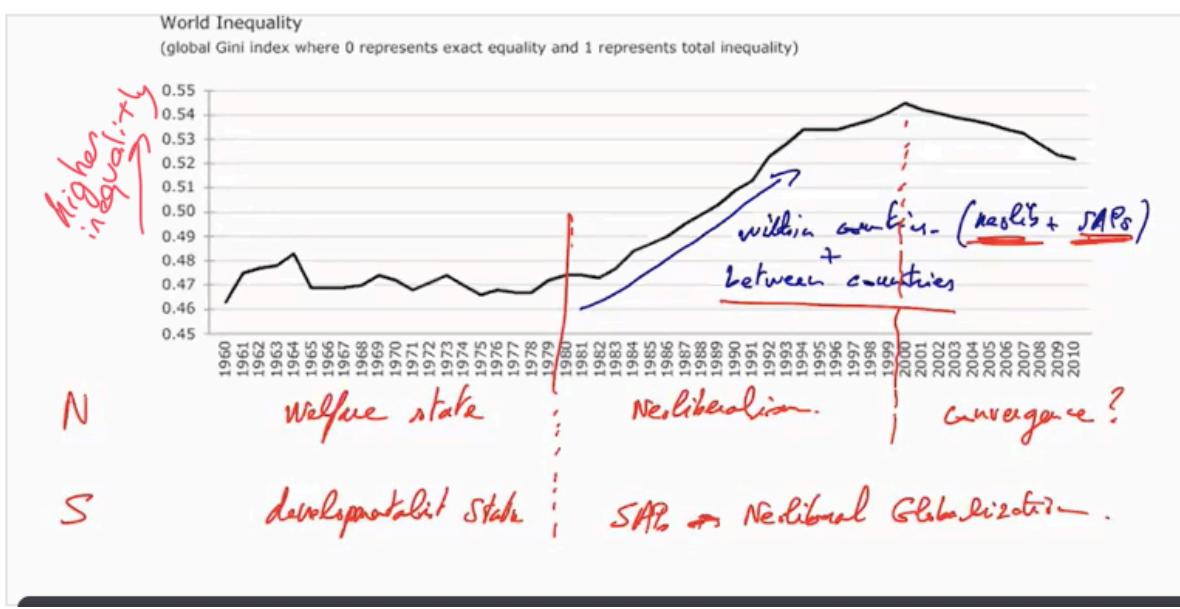
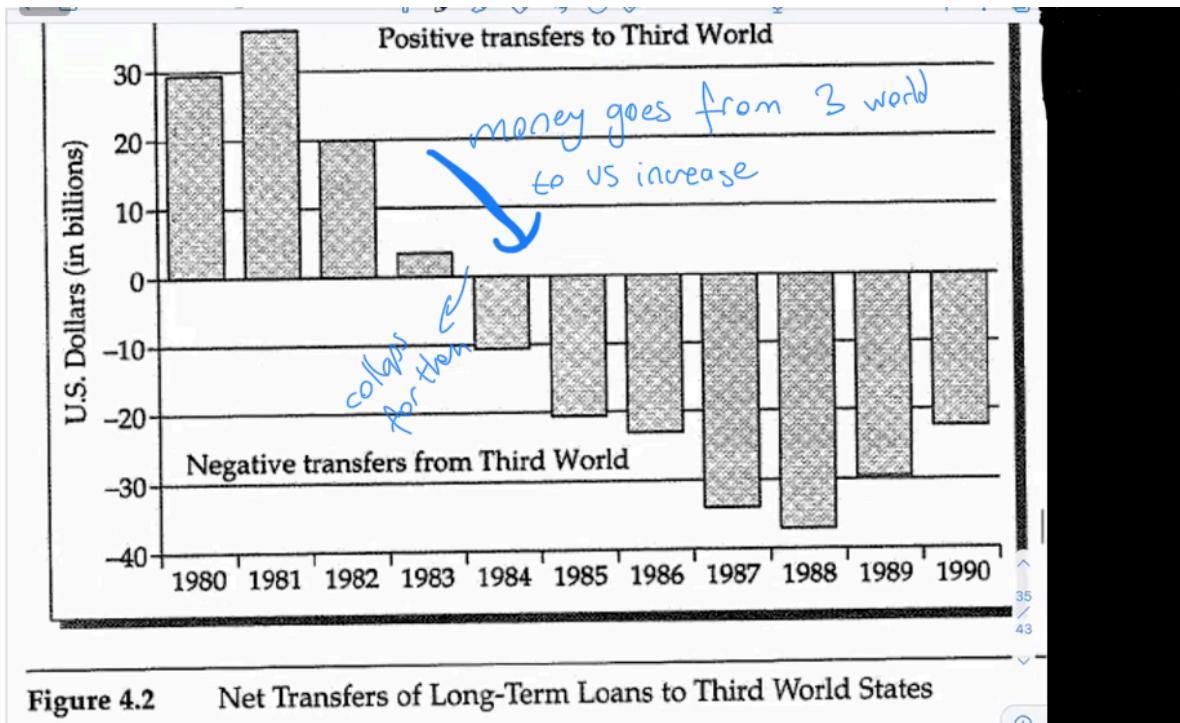


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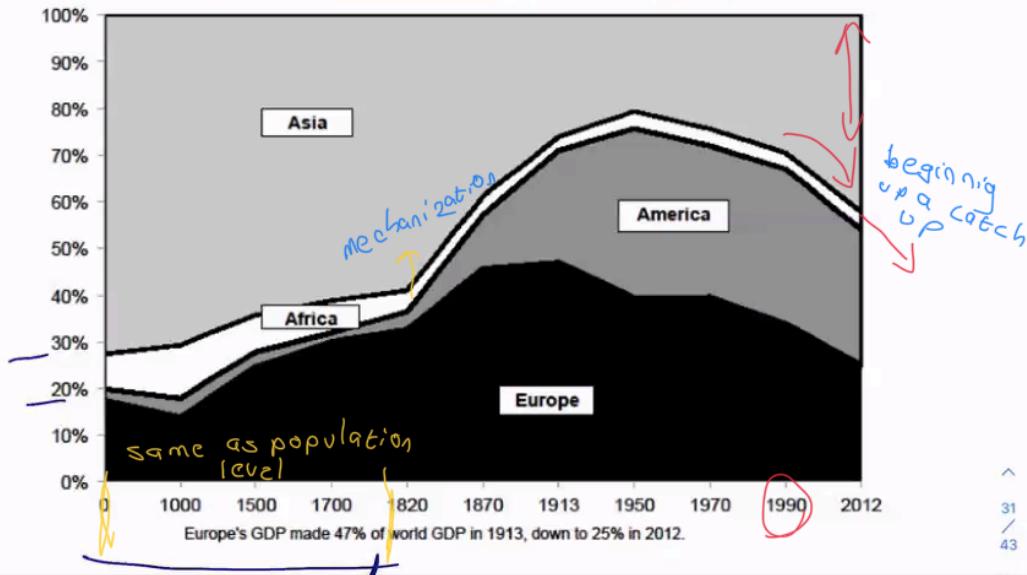
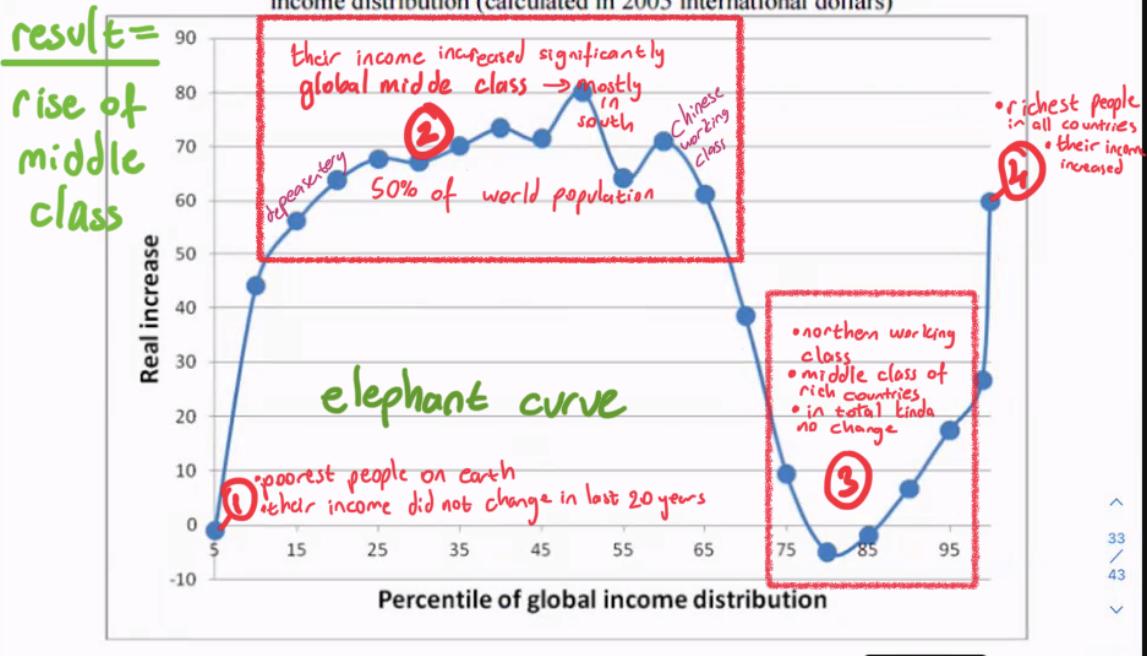
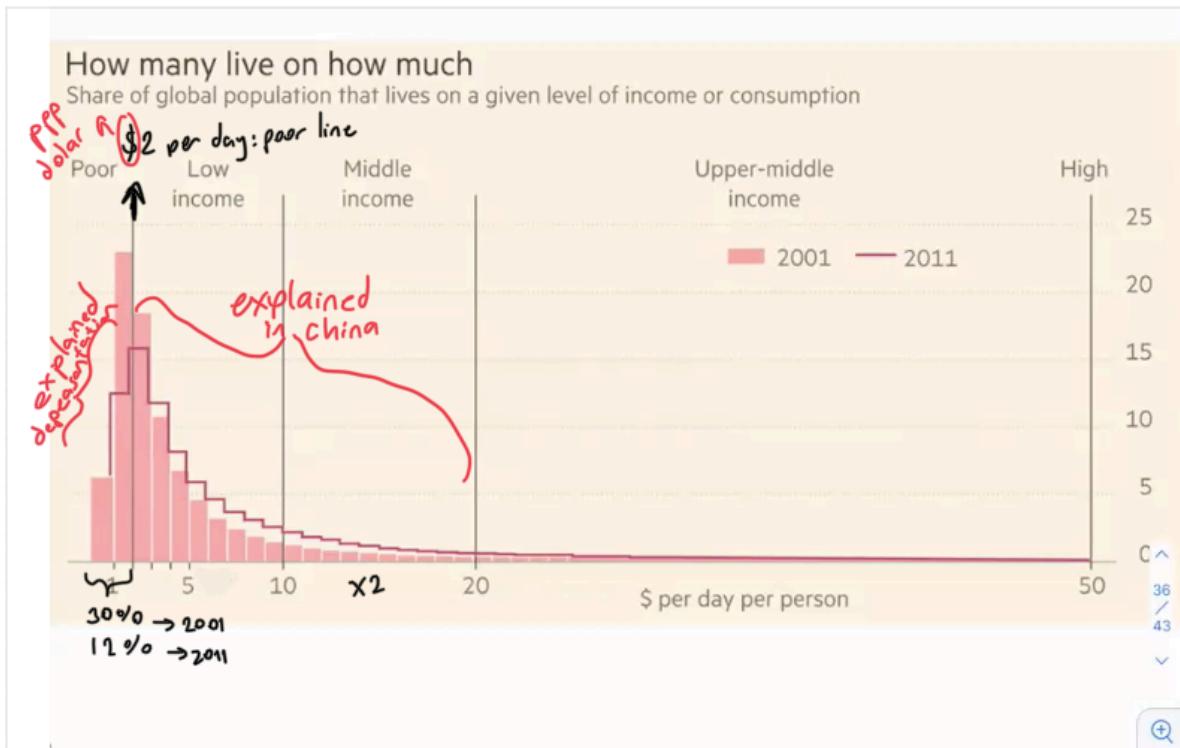


Figure 4. Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)



proof graph of rise of middle class:



depeasantation: the graph is explained by this → sociological explanation

- ↳ disappearance of the peasantry
- ↳ land grabs: state grabs the land of peasants, sell them to global orgs; 2011
- ↳ semi-proletarianisation (emergence) = they become partly wage laborers
 - ↳ leads higher wages
 - ↳ have more income than peasants

china

visa system to prevent labor surplus in west/town, regulation of migration

→ result

wage laborers wage increased (increase of middle class in world)

