

# 7 |

## A Journey from Mercantyst Ideas to Neo Merchantilist Ideas

Hülya DERYA

Hasan MEMİŐ

### Introduction

The mercantilist system is the dominant economic system that ruled in the Western world between the 15th and 18th centuries. With explorations, states have met with gold silver deposits and new products in other states. Money (i.e. gold) is wealth. National power is important. Foreign trade is more important than domestic trade. The state should intervene in the economy to organize foreign trade. The most important of these policies is that the state intervenes in the economy in order to increase the national wealth, encouraging exports and decreasing imports, allowing gold and silver to enter the country. The belief that the source of richness lies in gold and silver used as money has developed in this period. Population growth was encouraged as the population growth was thought to increase the economic power and the wages were kept at a minimum by the state. It is possible to say that the mercantilist thought who came up with the goal of "*national wealth*" is based on three basic factors: first; national and powerful state principle. Second; precious metals and a passion for winning. Third; necessity of foreign trade. On the other hand, one of the requirements of the national and strong state principle was to have a strong army and navy, and to be superior to other states with a powerful trade fleet. Developed countries implemented mercantilist politics in the first phase of their development. Britain and the United States were among the countries that implemented the most aggressive protection and subsidies in the past. In the 18th and 19th centuries, Britain was the first country to achieve excellence in the art of infant industry protection. Britain then kicked up the staircase to the summit, recommending free trade to Germany and the US, which are less developed, because it needs markets to sell their goods.

The United States, which takes Britain as an example, has continued the process of "kicking the ladder" by proposing free trade to underdeveloped countries about 100 years after having a peak with protectionism and subsidies. The "laissez faire" (liberal) policy, which is strongly recommended to the countries that are at the beginning of their development, does not suit to the Western world, especially to the United States. In the study, the mercantilist methodology in the neoclassical system, which is the current dominant theory of economics, will be addressed. The mercantilist system will be described as continuing with neo mercantilist policies, and examples of neo-mercantilist applications will be given. We will also try to reach some conclusions by taking the arguments that western economies are turning back to these old "wealth and national power" policies from time to time, especially when economic conjuncture has made a dip.

## **Literature**

In this part of the work, Mercantilist Thought and The Critics of The Classics, Neo-Classical Economy and Its Basic Assumptions, What is Neo- Mercantilism and Neo-Mercantalist Policies in Neo-Classic System will be examined.

## **Mercantilist Thought and The Critics of The Classics**

Traders were not important in the feudal structure of the middle ages.\* Merchandising is a profession that is both risky and profitless. During the Mercantilist period covering the years 1500-1776, traders became very important and contributed to the formation of the national bourgeoisie. Mercantilist thought asserts that the medieval (15th-18th) national governments richness will be equal to the their gold and silver reserves, and the governments should be forced to apply policies (exports, incentives, import-substitution measures) that will enable the states to provide a satisfactory foreign trade balance and an increase in the welfare and wealth, which are unavoidable economic policies. It is possible to say that mercantilist thinking is based on three basic factors. First is national and powerful state primeval. Mercantilists were less confident in their own evaluations and honesty. For this reason, it is believed that the general interests of traders are in the prohibition inadequate labour and decaying raw materials by the state. The result of this approach has been the emergence of many public interventions regulating the production of goods. However, the existence of strong national governments is necessary for uniform regulation at the national level. There is a need for strong central governments in order to achieve mercantilist aims such nationalism, protectionism, colonialism by means of tolls and domestic trade unrestricted by taxes (Bocutoğlu, 2012: 20). Second is the positive link between precious metals and national power and the passion to win. Mercantilists believe that the wealth of a nation is made of gold and silver metals that the nation possesses. Precious metals are seen as means by which power and wealth can be provided. The portion of exports that exceeds imports causes the increase of gold and silver of that country. Even in battle, as long as payments are made with gold, it is beneficial to export to enemy countries (Bocutoğlu,2012: 18). The third is the necessity of

---

\* Families did not let their daughters marry merchants.

foreign trade. While Mercantilists are extremely eager for exports, they have avoided imports. The purpose of reducing imports is to reduce the entry of consumption goods into the country and thus to prevent the exit of the gold to other countries. The aim of increasing exports is to provide gold entry to the country. It is possible to say that the connection between these three components is basically based on the same principle. If the country has mineral resources, the country is rich. If the precious metal does not exist in the country, then the only way to enrich the country is to trade and increase exports. In this period, the nation and the national state were approached positively and the colonialism was regarded as unavoidable.

This period is the period when the colonies were a win-win for the homeland. Production in the colonies is prevented. The goal is to ensure that the colonies remain a source of cheap raw material for the homeland. Britain, for example, has used cotton from India to manufacture final goods in Britain for fabric production, allowing India to remain a cotton producer. It was the mercantilist period that monopolies grew under state support.

In 1776, the *Wealth of Nations*, written by Adam Smith, discredited the idea of mercantilism. Smith's most important criticism for mercantilism is that gold and silver are not sources of wealth. The necessity is the support of militaristic power with consumable goods (Smith, 1937 :440). This view of classical economics is a supply-side policy. Classics have argued that countries will not be rich with protectionism, and that the source of the wealth is in free trade and production. The concept of the "*mercantile system*" is the name given by Smith to the capital accumulation model, which dominated capitalism during the first period between the 16th and 18th centuries. This system predicts that the richness can only be achieved by the surplus that can be obtained from foreign trade rather than production. In this framework, it focuses on filling the treasury of the newly emerging national states with basic precious metals by generating monopolies on the foreign trade. However, according to Smith; the only goal of production should be consumption.

In this direction, He also criticized the structure of the mercantilist system that puts the market under pressure, thus expressed that the system has preferred the consumer's interests to the producers' interests (Smith, 1937: 438). The reason for the criticism is the monopolistic structure of the Mercantilist system. The government provides the monopolistic privileges to the firms dealing with foreign trade. Monopoly privileges limit free participation in the trade on the domestic market, and so limit competition. With the prevention of competition, the price is not formed in the market and the profits of the firm hamper the effective and linear relationship between production and consumption (Smith, 1937: 460). The criticisms made to the mercantilist system by Smith as the production is placed into the second plan in this ideology are also applicable to the current economic system. The classics who oppose the mercantilist idea, which advocates the constant surplus of foreign trade balance, argue that the precious metal which continuously increases in the country, pulls national prices upwards, restricting exports and expanding the importation, and after a while causes the precious metal extraction from the country. On the contrary, in the case of precious metals importation from the country, the money supply will decrease, national prices will decrease and the foreign trade balance will reverse. The mechanism

that operates according to "*laissez faire*" principle of the classics explains that the constant trade surplus of foreign trade is both impossible and harmful to the country's economy. Other criticisms of the classics on the Mercantilist system are Smith's theory of absolute advantages and Ricardo's theory of comparative advantages. According to these theories, nations can become wealthy by producing and selling goods in the field that they become specialist. For the operation of the system, free foreign trade conditions must exist. The difference between the levels of development between countries at the time Smith proposed free trade was not as large as it is today. Foreign trade could yield profit for every country at that time.

### **Neo-Classical Economy and Its Basic Assumptions**

Neo-Classical theory maintains a dominant position in economics for more than a century. Neo-classical theory, which can also be called as the revision of classical school, has been directed to re-describe the value theory (Wallerstein, 1996: 93). With the preservation of the macroeconomic approach of the classics, it can be said that the microeconomic view are at the forefront. While neo-classics attempted to explain the value from a new point of view, the objective real cost has left its place to the subjective real finance since the 1870s. The new theory is based on psychological factors and "benefit" is brought to the forefront. As a determinant of the value, labour-time has left its place to subjective explanations. Neo-classical thinking tends to break down the society to the finest detail and work on economics through micro-foundations, which inevitably leads to the focus on subjective elements. Subjectivity is defined as the placing of individuals to the centre of the examination by attaching importance to the individual and its genders. The production cost determines the supply, the supply determines the benefit and the benefit determines the value (Bocutoğlu, 2012: 173). In neoclassical economics, the production process is described by a mathematical function. It is important to apply math. Because it is not possible to accomplish the abstraction in economic events without using mathematics intensively. According to Neoclassical understanding, mathematical tools are of great importance in the analysis and comprehension of multi-dimensional reality (Durusoy, 2008: 10). As economics is expressed by numbers, history, philosophy, institutions like in natural sciences have gone into the background. Economics is no longer a social science. By adopting the deduction method as a method, the "*homo-economicus*" function is accepted against the assumption that the economic system consists of isolated atoms (Bocutoğlu, 2014: 11). According to neoclassical approach, people always try to maximize their own interests. The hypothesis *homo-economicus* can be regarded as a common thought of Classical and Neo-Classical theories. Individuals act in a way that will increase the prosperity of the society in the long run while choosing their own interests. The important problem here is whether the individual can or cannot explain the average consumer (producer) behaviour in general. *Homo economicus* individuals have full knowledge of the commodities regarding the markets and other economic issues and absolutely evaluates the options he chooses, prefers most parties to the less, and are whose preferences do not conflict. While *homo economicus* consumers maximizes their benefits, producers maximize their profits (Çeçen, 2004: 221). But here all social aspects of economic behaviour are neglected. Human beings are abstracted from all type of socialness, and from the historical and social characteristics of the production

process. Savings and investment are identical. There is no demand surplus, deficit or supply surplus. One of the most important assumptions of neoclassical economics is to ensure full competition, i.e. to prevent monopolies. In any country of the world, full competition is not fully achieved. Also according to neo-classical thought, individuals have full knowledge. However, the assumption that individuals have complete knowledge cannot explain today's crises. One of the most important reasons for the crises is that individuals do not have full knowledge (Altunöz, 2013: 20). The homogeneity assumption which means that buyer, seller and the goods subject to shopping are the same as each other, cannot be implemented because of the psychological and spatial reasons, and companies aiming to increase the market share by advertising and goods differentiation. The assumption of free circulation of production factors also does not find much response today. Production factors in the same union are restricted by visible or invisible obstacles. Ceteris paribus is one of the important assumptions of neoclassical economics. According to this hypothesis, when an economic phenomenon is examined, it is assumed that one of the variables affecting this phenomenon changes and the other variables remain constant. This assumption corresponds to a simplifying formation that leads to the disconnection of the analyses made from reality, while making it easier to construct and analyse theories of economics (Solow, 1985: 328). The assumption that other conditions have not changed has narrowed the views of economists and led them to approach event with certain patterns and limitations. In neoclassical economics, markets are always in the equilibrium. Equilibrium has been addressed in different ways by three neo-classical economists. There is a conflict between the partial equilibrium proposed by Marshall, and the general equilibrium analysts of Walras and Pareto. Walras argues that economics will sacrifice its ability to become a science as it continues to address practical problems. In an environment where the general equilibrium, perfect competition conditions and consumers are moving with maximization of utility, Walras established a mathematical abstract system to maximize total benefit. Pareto has come to the conclusion that the welfare of the society will increase if it is possible to increase the prosperity of an individual without changing the welfare of all the other individuals in a society. Marschall's partial equilibrium approach reached a market equilibrium with the equilibrium of a single individual or company. Neo-classical economics looks the same as classical economics. The government should not intervene in to the market in no circumstances. It is not always possible to achieve perfect competition under the condition that prices and wages are not flexible. Today, on the contrary, every crisis that the world has experienced so far has been addressed by state intervention. Another hypothesis that is controversial is profit maximization. Neo-classical economics, whatever competitive market conditions are, accepts the ultimate goal of each firm as profit maximization. To do so, it is assumed that production of the firm will increase to the extent that marginal costs are equal to marginal revenue, and that sales prices will be determined by the amount of production specified. It is not possible for firms to know the demand and cost functions in real life conditions or to have a full knowledge of the elasticity of demand of the goods they produce (Simon, 1979: 493). As a result, it can said that there are three basic assumptions of Neo-Classical theory criticized the most. These are homo economicus (economic man), perfect competition conditions and profit maximization.

## What is Neo- Mercantilism

Mercantilism acts in the direction that nations need to encourage exports and reduce imports in order to increase their precious metal inventories. Today, however, mercantilist practices have changed shape. Protective policies are still underway, although apparently free trade seems to be advocated. When the neo-mercantilist methods of protectionism are examined, some of them are direct barriers, quota applications, and supports. It can be said that the actual large-scale protectionism is the "*trade wars*" applied by the method of currency manipulation. Mercantilism is not in the interest of enhancing the wealth of the nation, and its activities are to make the state rich. In the first stage, however, the state was the king. On the other hand, since the king was not in a position to profit from trade without a privileged trading class, the private enterprise was chosen as a systematic political tool by mercantilism. It is possible to see this logic as a driving force behind the trade, which is politically shaped and under military protection. Mercantilism was based on the understanding of pre-capitalist social property rights, which necessitated a production surplus both internally and externally through political means. Economic-political strategies developed to export goods and services can now be described as neo-mercantilism. These strategies are particularly important in terms of their export-oriented characteristics (Becker, 2006: 14). Orientation for product exports in developed countries is linked to export of capital at the same time. This gives both profit share and interest income. Germany and Japan are examples of these countries. In less developed countries, the situation is somewhat different. In order to be able to borrow and pay foreign debt in a large part of these countries, foreign exchange from the export of goods is needed. For example, in the '80s, some neo-mercantilist strategies were forced to be implemented in underdeveloped countries, in this way the debt-interest cycle was to be guaranteed. This is especially true in Latin America. However, some countries, such as China and the Gulf Emirates, have now become countries that export capital. Acting outwardly in an active manner requires some grounding both at the regional and international level. It does not only include external politics and spreads over a much wider area, such as money and salary relationships. In this context, neo-mercantilism cannot be evaluated only by a policy based on external economies.

There is a continuity observed between mercantilism and neo-mercantilism in the export direction. These two concepts, however, are separated from one another in terms of their social content. This is achieved either by political pressure directly on the producer, or by non-equivalent trade in the market, which is sustained by political support (Teschke, 2007: 196). In order for your wealth to grow, you must use your sovereignty. There was an absoluteness of the state in the centre of mercantilism. Because the state has distributed the privileges that allow the formation of the profit. Commercial capital protected its pre-capitalist order. Today, neo-mercantilism defends capital accumulation. In neo-mercantilism, the income earned from export items is particularly important for the accumulation of capital. These revenues may stem from different structures. In countries such as Germany and Japan, the capital accumulation comes from the developed industrial sectors, however, non-technical branches such as the textile sector in Cambodia and Bangladesh are the source of the revenue. At the end of this, the link with other branches is shaped

differently, such as the context of machine and service flow. It is observed that the competition parameter changes in the same way. In the first case, qualitative elements play a predominant role, while price competition in non-technical branches is very important. At the end of this, there is a great pressure on the wages. Especially in raw material-based neo-mercantilism, direct growth rates and employment effects are very low. This diagnosis has been reaffirmed in recent years in Latin America (French-Davis, 2005: 182). It is also observed that the development in Russia is in this direction. Another issues with raw material-based neo-mercantilism are the fluctuation of raw material prices and the fluctuations in growth that come with it. This does not only apply to central countries such as the EU, but also to countries such as India, which is a dominant player in the IT services sector (Dubey, 2007: 120).

Classical mercantilism has used less protective measures than neo-mercantilism. Protectionism is primarily used to limit imports. This point of view is also valid under capitalist conditions, but is more limited, because sovereign economies are able to generate export surplus under free trade rules. Free trade conditions destroy the shields of the weaker and strengthen the positions of the sovereign economies. However, some sectors in the dominant economies also need to protect themselves. Here, we can count especially the agricultural sector. Thus, inconsistencies between positions can be seen in unilateral and multilateral trade agreements due to different interests. Sovereign powers such as the US and the EU, therefore, have gone to mutual covenants. The power asymmetry of the negotiating parties here is much more apparent. Today, these negotiations seem to be at the point of blockage due to the opposition of interests (Blaas and Becker, 2007:30-34 ).\*

One of the main elements of neo-mercantilist strategies is foreign exchange policies. Neo-mercantilist prone countries often opt for low exchange rate policy in order to be more successful in exports. Nevertheless, in some political conjunctures, these policies cannot be sustained. The pressure in this situation is often reflected in the wage policy. Germany and Japan examples showed this.

Austria, which is closely tied to the German economy, likewise accepted restrictive salary policies. According to Detje (2007: 40), "*Germany and Austria have formed a competitive environment to reduce wage policies within Europe from the mid-1990s. In these two countries, wages have fallen slightly, however, wages have increased by 64% in Great Britain, 40% in Italy, 30% in Spain, 20% in Denmark and 10% in France and the Netherlands.*" It is noteworthy that the wages in the service sector are rather low compared to the industry sector. In this way, the industry is making a big profit from the cheap salary regime in the service sector. The wage structure in Germany shows certain parallels with Japan. Here, large firms use small businesses at fairly reasonable prices and treat them as a kind of buffer zone. Looking at the example of Germany and Austria, neo-

---

\* The national state and neo-mercantilist strategies can also cause regional tensions. We can observe this situation especially in Mercosur (Latin American common market). Here, after heavy financial crises at the beginning of the millennium, countries have turned to more mercantilist strategies (Becker).

mercantilist principles seem to be partially internalized by the unions. At the end of this, it seems that they are used very effectively in the direction of neo-cooperative arrangements. As Heinz noted, the Japanese model had the same effect. The German wage policy has shaken the EU countries because of the strong influence of this country (Detje,2007: 43 ).

### **Neo-Mercantalist Policies In Neo-Classic System**

The controversial assumptions of neoclassical economic thought have occasionally served by leaving all objectivity because of the ideological orientation of the system. One of the most effective explanations in this regard belongs to Guerrien. According to him, neo-classical thinking is based on a theoretical model that shows that the first-order market economy is compatible with the functioning of the economy or will reach "*optimal*" situations. As a result of the criticism from the point of view of logic, it was necessary to clarify their assumptions more clearly, to abandon some of their assumptions and finally to formulate some of them in a new way in order to give more general validity to neoclassical analyses. But this time the main problem emerged as follows: what assumptions should be made to prove that the market rules will bring optimization? (Guerrien, 1999: 13). According to Blaug, the reason for the analysis of the economy by unrealistic assumptions is nothing more than a goal to achieve a certain goal (Blaug, 2004: 164). According to Chang, free foreign trade practices, one of the conditions of neo-classical economics, actually force the developed countries to impose trade and sanctions, or a group of policies, such as the patent law, in order to strengthen their economic position on developing countries (Chang, 2003: 17).

The countries listed in the category of developed countries at the moment have generally developed with protectionist policies and subsidies. Britain is the first country implementing this. Britain has proposed foreign trade liberalization to other countries in order to find markets to sell what they produce when they realized industrialization and increased production. The protectionist policies they owe to their own development have not been proposed for other countries and they have tried to destroy the protective walls of the underdeveloped countries. The main reason for doing this is not to think of underdeveloped countries but to gain more from foreign trade. Trade between countries with different levels of development usually benefits developed countries. The developed country reflected productivity increases in wages, but productivity increase reduced wages in underdeveloped countries (Singer-Preispisch dissertation). The developed country has sold at a high but bought at low price. The ultimate outcome of such a trade is that the developed country has earned more profit. The US is another example of implementing protectionist policies at the time of its development. When it completes its development, likewise Britain, the United States also promotes free trade to all countries. But at the beginning of the Great Depression in 1930s, the United States becomes one of the interesting examples of adopting the protective Smoot-Hawley tariff by giving up free trade. But in the 1980s, the US quickly reversed its past practices and implemented the Washington Accord between the IMF, the World Bank and the US treasury as an architect. The United States does not conform to its policies proposed, it has imposed on the other countries the idea that the growth can be only

accomplished by free trade and privatization as this provides an environment suitable for investment (Acar, 2008: 162). In addition to the criticism that these practices are not appropriate for the countries at the beginning of their development, the proposed "*laissez-faire*" (liberal) policy were not followed by the US at first. According to Stiglitz, liberalization has not opened up to the construction, shipping and textile sectors where emerging countries are superior, while markets are opening up to financial services and information technologies exported by developed countries (Stiglitz, 2010 : 85). Western countries continue to protect their products while advocating free trade. Developed countries have not lifted their agricultural subsidies in their own countries. They preferred to close the doors to developed sectors that the developing countries have comparative advantages. The comparative advantages, however, are an indication that the present day mercantilist practices continue, even though the classic economic idea have made one of the most important criticisms towards the mercantilist system. Economic policies have a very important role in shaping the perception of the public. For example, the policies governed by global institutions such as the IMF and the World Bank serve to determine what masses will think instead of solving problems, and thus deviate from corporate objectives. The IMF is led by international and especially US-based finance environments. Therefore, the IMF policies are not based on the will of the poor, and they do not represent the institutions and services in the country they perform, which is always a developing country. Because the institutions, culture and social structure of the serviced country are ignored. The IMF recommends the same policies to each country and sees all countries in the same category. As all patients with different illnesses are given aspirin, those who do not have headache will not benefit because the aspirin only passes the headaches. This is also the basis for the failure of IMF policies. The currency of the US is its other superiority. Since the end of World War II, the US dollar has been regarded as reserve money by the whole world. The ability of the FED to build up dollars in cash has increased steadily, and the cost of this new money, brought to the market by a few keystroke, has approached to zero.

The modern world prefers to use "*nominal money*" without any upper limit in terms of competitiveness and quantity instead of buying any valuable commodities (Cwik, 2011: 9). All the countries involved in this monetary system behave in a similar way and can adjust the amount of money by the central banks. Thus, they can control the value of domestic money at a lower level than their competitors and manage their mercantilist policies easily. The biggest problem that countries outside the big players at the centre of the global economy face during this war is the high-speed foreign resource inflows which lead to the appreciation of the local currency. This situation undermines competitive power, leading to ballooning in financial assets and, and in the case of slowing or stopping capital movements, this also creates a financial crisis risk. In other words, neo-mercantilist foreign trade wars, especially in the USA, during the recession, make it difficult for other economies to take measures in the framework of liberal policies. There are some countries, following the Neo-mercantilist thought, giving the excess of export as well as other countries that absorbs this excess. In this sense, the countries of the European Union, especially Germany, have encountered with countries that give chronic deficits. In the last few years, the United States has been the biggest country in the global framework. High US consumption has

been financed with more credit (Isaac Joshua). The Americans gave a current account deficit of 6.6% in 2006 (Le Monde-13.2.2007), and at the end, the country became highly dependent on capital imports to support economic models. In 2002, 76% of global capital imports went to America (Zeller, 2004: 87). In addition, interest rates have fallen in the US to maintain both consumption and share prices. However, recent developments show that these politics reaches the limit. The crisis and low-interest rate policy have caused the dollar to depreciate, which is now at a critical level. The dollar's status as an international exchange rate has been worn out. If the US increases interest rates by revising its economic policies and moves to cut back on domestic demand, it will have serious consequences for neo-mercantilist countries. This applies not only to the European Union but also to the growth record country, China. In such a case neo-mercantilism countries are worried about resorting to protective measures as they did in the 1930s. Those who argue that free circulation of the monetary system cannot be stopped say that any intervention may create problems such as inefficiency and imbalance. According to Boratav, *"During the last forty years, there have been two "currency wars" among metropolitan economies. These are the lowering of the value of the dollar in 1971-1973, the end of the connection of the dollar with gold, and the transition to floating rates between large currencies. In 1985, the Plaza agreement provided yen and mark appreciation. These two "currency wars" were initiated and concluded in order to protect the American economy (especially those industries weakened because of cheap imports)"* (Boratav,2010). Since the dollar is a "reserve currency", this process, which can put other countries in a difficult situation, can be carried out easily by the United States. In the second half of the 1990s, the US economy showed a significant decline in external deficits due to its association with Asian economies. Production in Asian countries has responded to the US private consumption, while Asian countries have carried out foreign trade transactions in dollars and kept a very significant portion of foreign exchange reserves in dollar terms. The purchase of US bond bills by Asian countries has led to a decrease in external deficits and an increase in money supply of the US (D'orlando, 2008:"1). According to Boratav, the amount of liquidity in question has led to unpredictable financial ballooning. *"In order to alleviate global imbalances, the astronomical deficits of the US (primarily against China) had to be pulled down. Cheap imports should be prevented from threatening domestic production, and China in particular should increase imports from the US. That's why China's currency, the Yuan, are required to appreciate against the US dollar. The appreciation of Yuan will mean that America caused a devaluation in China. Because China prevented it, it was defined by the US Congress as the country that manipulated money"* (Boratav, 2010). The third of the currency battles thus is between the dollar and Yuan because, according to the mercantilist system, foreign trade deficits are a dangerous issue that leaves the nations powerless.

According to Stiglitz, *"It is not possible for any country to win the trade wars. The accusation of China as a manipulator is a one-sided view because the crisis is the result of US politics. Since China's multilateral trade surplus is a multilateral economic problem and many countries are worried about it, the US should seek a multilateral and rule-based solution. Unilaterally describing China as an "exchange rate manipulator" and putting unilateral taxation against China harm extensively the multilateral system against bringing very few gains."* (Stiglitz, 2010:85-86).

In the global money and economic system, the US, which has all the advantages it needs due to the dollar hegemony, still maintains the existence of ongoing external deficits outside of 1998-2001. The unstable economic policies that arise because of the application of neo-classical economics liberal policies during the expansion of economic conjuncture and of neo-mercantilist policies during the economic contraction periods are the reasons for the ongoing external deficits in the US.

## **Method**

In the study, the mercantilist methodology in the neoclassical system, which is the current dominant theory of economics, will be addressed. The mercantilist system will be described as continuing with neo mercantilist policies, and examples of neo-mercantilist applications will be given. We will also try to reach some conclusions by taking the arguments that western economies are turning back to these old "wealth and national power" policies from time to time, especially when economic conjuncture has made a dip.

## **Conclusion and Discussion**

The centuries-old imperialist politics based on military power, and its subsequent mercantilist policies based on accessing and possessing precious metals, have actually come to the fore because of the inadequacies of the neoclassical economic policies every time the economic conjuncture bottomed out in developed western countries. The mercantilist system has been always present by changing the shape. Developed countries aims to protect their national interests with this way. The protectionist policy instruments used in the mercantilist system are less varied in terms of diversity, but they are now more or less visible. One of the most important of neo-mercantilism's current practices is the "new traditional protectionism" methods. The other is trade wars created by the use of nations' foreign exchange reserves in line with their own interests and in the context of free foreign trade, by means of increasing exports and reducing imports. This new method of protection serves the neo-mercantilist policies of the modern world through the dynamics of free market. The liberal economic policies imposed in order to develop free foreign trade in underdeveloped countries at every opportunity are not implemented by western countries at all times in times of crisis. Today, money (dollars) used by the United States circulates as reserve money all over the world. In this framework, developed markets that have gained a competitive advantage in international markets bring about foreign trade surplus through the practice of "get rid of the neighbours" policy practices and a trade war. In addition, the neo-mercantilist foreign trade wars, especially in the US, which have been implemented in recession, make it difficult for the underdeveloped countries to take precautions in the framework of liberal policies.

## **Reference**

- Acar, G. T. (2008). İktisadı Deęiřtirmek: Neoklasik İktisada Eleřtirel Bir Yaklařım, Birinci Baskı, İletişim Yayınları, İstanbul, 160-165.
- Atunöz, U. (2013). Egemen Neoklasik İktisata Eleřtirisel Yaklařım: Post Otistik İktisat Ve 2008 Küresel Krizinin Post Otistik Analizi. Uluslararası Sosyal Arařtırmalar Dergisi, 7(29), 14-22.

- Becker, J. (2006). Metamorphosen Der Regionalen Integration. Bak: Journal Für Entwicklungspolitik, (22), 11-44.
- Blaas,W./Becker, J. (2007). Strategic Arena Switching İn International Trade Negotiations. Aldershot,30-4.
- Blaug, M. (2004). "Formalizmin Sorunları", Post Otistik İktisat (Ed.) Kaya Ardıç, Ifmc İktisat Dergisi Yayınları, İstanbul, 160-164.
- Bocutoğlu,E.(2012).İktisadi Düşünceler Tarihi, İkinci Baskı, Murathan Yayınevi, Trabzon,15-178.
- Bocutoğlu,E. (2014). Ana Akım Konjonktür Teorileri 2007 Küresel Finansal Krizini Anlamada, Açıklamada Ve Öngörmeye Neden Yetersiz Kaldı?. Econ,Harran, Şanlıurfa, 1-33.
- Borotav,K. (2010). "Kur Savaşlarının Evveliyatı"[Http://Www.Yenicag.Com.Cy/Yenicag/](http://www.Yenicag.Com.Cy/Yenicag/)
- Çeçen, A. (2004), "Rasyonel Eylem Aksiyomatik Bilgi Ve Homo Economicus", İktisat Üzerine Yazılar I, İletişim Yayınları, İstanbul,220-221.
- Chang, Ha.J. (2003). Kicking Away The Ladder: Development Strategy İn Historical Perspective, Wimbledon Publishing Company Ltd,17.
- Cwik, Paul. F. (2011). "The New Neo-Mercantilism: Currency Manipulation As A Form Of Protectionism" Institute Of Economic Affairs, Published By Blackwell Publishing, Oxford, P. 7-11
- D'orlando, M. Maurizio. (2008), Economic Crisis: Us, China And The Coming Monetary Storm. Asia News. [Http://Www.Asianews.It/Index.Php](http://www.Asianews.it/Index.Php).
- Detje, R. (2007): Licht Am Ende Des Tunnels? Verteilungspolitische Probleme Und Paradoxien , 34(11), 38-43
- Dubey, M. (2007): India And The Wto. In: Blaas, W./Becker, J. (Hg.): Strategic Arena Switching İn International Trade Negotiations. Aldershot, 97-140.
- Durusoy, S. (2008). İktisat Biliminin Yeri Ve Yöntemi Neden Sorgulanıyor?. Uluslararası İnsan Bilimleri Dergisi, 5(1), 1-23.
- French-Davis, R. (2005): Reformas Para América Latina Después Del Fundamentalismo Neoliberal. Buenos Aires
- Guernien, B. (1999), Neo-Klasik İktisat, Çev. Ertuğrul Tokdemir, İ. Baskı İletişim Yayınları, İstanbul,13.
- Simon,H. A.(1979) "Rational Decision Making İn Business Organizations" The American Economic Review, Vol. 69, Pp.493-513
- Smith, A. (1937). An Inquiry Into The Nature And Causes Of The Wealth Of Nations, (Ed.) R.H. Campell And A.S. Skinner, Indianapolis, Liberty Classics Edition,430-465.
- Solow, R. M. (1985) "Economic History And Economics", The American Economic Review, Vol.75, No.2,Pp. 328-331.
- Stiglitz, J.E. (2003). "Do As The Us Says, Not As İtdoes" Guardian,Globalpolicy.Org/Globaliz/Econ/
- Stiglitz, J.E. (2010). "Ticaret Savaşının Sırası Değil" Ekonomik Forum, Nisan, 86-87
- Wallerstein, I. (1996) Tarihsel Kapitalizm (Çev. Necmiye Alpay), İkinci Baskı, Metis, İstanbul, 90-93.
- Teschke, B. (2007). Mythos 1648. Klassen, Geopolitik Und Die Entstehung Des Europäischen Staatensystems. Münster,
- Zeller, Ch. (2004), Ein Neuer Kapitalismus Und Ein Neuer Imperialismus? In: Zeller, Ch. (Hg.): Die Globale Enteignungsökonomie. Münster, 61-125.

# 8

## İřsizlik ve Bořanmanın Panaroması: Türkiye İin İstatistiki Bölge Birimleri Sınıflandırmasına Göre Panel Veri Analizi Yardımıyla Bir Sınama

*Volkan ALPTEKİN*

### Giriř

İktisadi analiz iinde önemli bir yere sahip olan iřsizlik kavramı bir bütün olarak sosyal bilimler ele alındığında ok boyutlu bir yapı sergilemektedir. İktisadi bakıř aısıyla yorumlandığında; cari ücret düzeyinde alıřma azmi ve kararlılığında olan bireyin istihdam edileme durumu olarak karřılıklı bulan iřsizlik kavramı ortaya ıkıř şekillerine göre farklı isimler altında ele alınabilmektedir.

İřsizlik ortaya ıkıř nedenleri itibariyle farklı bařlıklar altında ele alınabildiđi gibi doğrudan veya dolaylı olarak sebebiyet verdiđi olaylarla ilgili olarak da “iktisadi” ve “sosyal” olmak üzere iki kısımda ele alınabilmektedir. İřsizliđin iktisadi maliyeti en temelde ekonominin potansiyeli ile ilgili olarak deđerlendirilmeye tabi tutulurken bir bařka iktisadi kavram olan alternatif maliyet yardımıyla daha aık bir biimde aıklanabilmektedir. Buna göre ekonominin öz kaynaklarından birini oluřturan ve iřgücü piyasasının dıřında kalan üretim faktörünün iřgücü piyasasının iinde olarak istihdam edilmesi durumunda toplam gelir büyüklüđüne yapacađı katkı kadar bir maliyeti ekonominin sırtına yükleyeceđi aıktır. Özellikle bu kısım potansiyel GSYH ile reel GSYH arasındaki farka eřit olan “ıktı aıđı” kavramı ile literatürde kendine yer edinmiřtir. Bu anlamda iřgücünün bir ekonomi aısından ne derece önemli olduđu, bununla birlikte söz konusu potansiyele yakınlıřma anlamında da ne kadar başarılı olduđu bu şekilde ortaya koyulabilmektedir. Ekonomide iř arayıp da bulamayan kiřilerin iřgücünü oluřturan büyüklüđe oranlamasıyla elde edilen ve iktisadi olduđu kadar sosyal amazları da bünyesinde barındıran iřsizlik kavramının