



**EVALUATION OF LABOR MARKET ON REGIONAL ECONOMIC
POLICIES ON THE CONTEXT OF CONTEMPORARY ECONOMIC
SCHOOLS**

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PhD Thesis

Department of Economics

Supervisor : Prof. Dr. Salih ÖZTÜRK

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T.C.
TEKİRDAĞ NAMIK KEMAL UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
PhD THESIS

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T.C.
TEKİRDAĞ NAMIK KEMAL ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İKTİSAT ANABİLİM DALI
DOKTORA TEZİ

**ÇAĞDAŞ İKTİSAT OKULLARI KAPSAMINDA EMEK
PİYASASININ BÖLGESEL İKTİSAT POLİTİKALARI
AÇISINDAN DEĞERLENDİRİLMESİ**

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TEKİRDAĞ-2020
Her hakkı saklıdır.

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Mustafa Latif EMEK

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SOSYAL BİLİMLER ENSTİTÜSÜ
İKTİSAT ANABİLİM DALI
DOKTORA TEZİ

Mustafa Latif EMEK tarafından hazırlanan “Çağdaş İktisat Okulları Kapsamında Emek Piyasasının Bölgesel İktisat Politikaları Açısından Değerlendirilmesi/ Evaluation Of Labor Market On Regional Economic Policies On The Context Of Contemporary Economic Schools” konulu DOKTORA Tezinin Sınavı, Tekirdağ Namık Kemal Üniversitesi Lisansüstü Eğitim Öğretim Yönetmeliği uyarınca 23 Ekim 2020 günü saat 14:00’da yapılmış olup, tezin kabul edilmesine OYBİRLİĞİ ile karar verilmiştir.

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ABSTRACT

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Since the diversion of economics from philosophy, many economic ideas have been put forward. Those who support each other in these thoughts revealed contemporary economics schools. All these schools have made important contributions on the labor market.

This study was conducted to evaluate the regional economics of economics schools in the context of the labor markets. In this context, first a detailed literature survey was carried out and previous studies were examined in depth.

Then, a conceptual framework was created by using these publications in order to establish the theoretical infrastructure of the research. At the next stage, the views of economics schools in the context of the labor market were discussed within the framework of regional economic policies. At the next chapter an econometric analysis carried out with the datas of 29 OECD countries. In this analysis as variables unemployment, inflation, GDP, population, direct foreign investments and social transfers has been used. In the last part of the research, proposals can be applied by academicians and policy developers who will deal with the subject are depicted.

Key Words: Contemporary Economics Schools, Labor Market, Regional Economic Policies

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İktisadın felsefeden ayrılmasından bu yana pek çok iktisadi düşünce ortaya konulmuştur. Bu düşüncelerden birbirini destekleyenler çağdaş iktisat okullarını ortaya çıkarmıştır. Bütün bu okullar emek piyasası üzerinde önemli görüşler belirtmektedir. Bu çalışma emek piyasası bağlamında iktisat okullarının bölgesel iktisat politikalarını değerlendirmek amacıyla gerçekleştirilmiştir. Bu kapsamda ilk olarak detaylı bir yazın taraması gerçekleştirilmiş ve önceki çalışmalar derinlemesine incelenmiştir. Daha sonra araştırmanın teorik altyapısının oluşturulması için bu yayınlardan faydalanılarak kavramsal çerçeve oluşturulmuştur. Bir sonraki aşamada emek piyasası bağlamında iktisat okullarının görüşleri bölgesel iktisat politikaları kapsamında tartışılmıştır. Çalışmanın ekonometrik analiz kısmında ise 29 OECD ülkesinin 2006-2016 yılları arasındaki işsizlik, enflasyon, doğrudan yabancı yatırımlar, nüfus, sosyal yardımlar ve milli gelir verileriyle panel veri analizi yapılmıştır. Araştırmanın son bölümünde ise konu ile ilgilenecek olan akademisyen ve politika geliştiricilerin uygulayabilecekleri öneriler sunulmuştur.

Anahtar Kelimeler: Çağdaş İktisat Okulları, Emek Piyasası, Bölgesel İktisat Politikaları

ÖNSÖZ

Öncelikle doktora sürecimde bana yardımcı olan tez danışmanım, Prof. Dr. Salih ÖZTÜRK'e teşekkür etmek istiyorum. Bu zorlu tez sürecinde biran bile desteğini esirgemeyen sevgili eşim Dr. Mehriban EMEK ve çocuklarım Meryem Nisa EMEK ve Ahmet Yusuf EMEK'e ve eğitim hayatım boyunca maddi ve manevi destekleriyle her zaman yanımda olan sevgili anne ve babama teşekkür borçluyum.

Tekirdağ, 23 Ekim, 2020

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PREFACE

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LIST OF ABBREVIATIONS

ANOVA	:One-Way Analysis of Variance
CPI	:Consumer Price Index
FDI	:Foreign Direct Investment
GDP	:Gross Domestic Product
SNA	:System of National Accounts
OECD	:Organization for Economic Cooperation and Development
PANIC	:Panel Analysis of Nonstationarity in Idiosyncratic and Common components
UEMP	:Unemployment

1 INTRODUCTION

Since it can explain economic facts that philosophy cannot explain, economic discipline is gaining a more respectable place in society each passing day. Individuals have to apply to economics more frequently to understand the economic developments they cannot understand, both in macro and micro matters.

The fact that individuals adopt more liberal policies along with globalization causes the secular understanding of society to become more dominant. Thus, economic developments began to take the place of ideologies. It is observed that also studies related to labor markets, where economics has the greatest impact on society, have gained momentum in this context.

With the expansion of economics, especially through the multi-disciplinary studies, from an absolute positivist structure to social spheres, the economy has become a situation that is seen as almost the equivalent of social welfare perception. Employment, financial difficulty, social security system, poverty, economic crises, and regional economic policies are the areas where the labor market has a direct impact within this scope. Evaluating the studies related to these issues in the literature, it is seen that there is a need for studies examining the effects of different economic approaches on the labor market. It is envisaged that also examining the effects of the labor market on regional economics and anti-crisis policies will make an important contribution to the literature.

Departing from this need, the current study aims to evaluate regional economic policies in a literature review in the context of the labor market. First of all, previous research on the topic was extensively examined. Thereafter, within the framework of the findings obtained from the literature, the conceptual framework related to the schools of economics, labor market, anti-crisis policies, and regional economic policies was examined.

Regarding the schools of economics, the views of the schools of economics that have come from the mercantilism to the present day have been evaluated within the labor market. Although the views of each of these schools do not fully match with each

other, the views that compromise broadly with one another were considered within the framework of the classifications in previous studies.

The conceptual framework related to the labor market was provided to be revealed in the form of examination of concepts associated with labor. In this context, concepts such as rational expectations hypothesis, aggregate supply hypothesis, nominal and real wage rigidity, efficient wage theories, failure of coordination and its hysteresis effect were examined.

In the context of regional economic policies, neoclassical growth and endogenous growth theories were evaluated. The concepts of development economics and economic geography, which emerged as a result of these two, were examined. Finally, information about the incipient regional economic policies was introduced.

Within the scope of the impacts of unemployment on selected macroeconomic indicators will be investigated. In this context, the period between 2006-2016 was taken as the basis, with the OECD countries in the focus. Using the annual data of 29 countries selected from the OECD, variables assumed to have an impact on unemployment will be analyzed with the help of panel data analysis.

In the following part of the study, a discussion section was written out, in which the effects of these three issues on the labor market were examined. In this section, addressing the views of the schools of economics one by one was provided and the situation related to the labor market was revealed.

In the last part of the research, summarizing the whole study was provided and several suggestions that academicians and policymakers who will work on the labor market can apply were made.

These suggestions are as follows: regional development differences should be prevented; to behave more attentively in human capital planning actions has importance; efforts to prevent migration should be increased; measures for the in-place evaluation of human capital need to be increased. In addition, regarding the earning the livelihood of the household, since the ensuring the livelihood of the whole family with the income of one or two people is dangerous for the social security institutions, it was added that individuals should be encouraged to work and produce. Besides, it was stated

that the capital is moving towards high-income areas, it was also suggested to promote production in a wider framework by reducing regional risks.

In addition, to increase the effectiveness of development agencies for regional development, to encourage R&D activities with technology transfer to achieve technological superiority, and the fact that local governments should produce policies to support them were suggested. However, it was stated that increasing the substitution rate of imports by increasing sectoral diversity and intensifying economic relations to make the foreign trade deficit a surplus of foreign trade is a necessity.

Additionally, increasing the quality of the labor market and gaining a more conscious production and consumption habit in rational expectations were suggested. It was also stated that it is important that individuals who have rational expectations gain conscious consumer habits, such as not changing their technological products without completing their economic life. It was emphasized that, when evaluated in a global context, capital movements cause economic crises and stronger foreign economic relations need to be developed to reduce its effects. It was also stated that practices such as equal pay for equal work should be continued and that a performance-based salary system will increase the productivity of individuals. It was suggested to eliminate sex discrimination while doing that.

To prevent economic crises, some suggestions were made on the concentration of capital first. Since it was considered that an absolute capitalist perspective will have important impacts on both the labor market and anti-crisis policies, it was envisaged that individuals should be educated to be good citizens.

On the other hand, ensuring the deployment of resources with tight fiscal discipline policies implemented was also emphasized. In this context, it was also stated that efforts to include unrecorded savings, called under-the-mattress saving, in the economic system should be increased. In this context, it was also evaluated that the incipient gold-backed bonds and gold-backed lease certificate can make important contributions. It was also recommended to increase the effectiveness of applications such as real estate funds.

It was also suggested to lift the barriers to the foreign direct investments with structural reforms, which are necessary for the prevention of economic crises and for the

economic growth of the country to be realized more easily and to have more impact on diplomatic relations. Thus, since both local investors and international investors will be able to supply more money to the economic system, goals such as growth and increasing national income will be achieved more effectively. In addition, since these investments will increase local employment and qualified workforce, sustainability of the economic system is also ensured.

Considering that the sustainable growth of economic can be achieved with technological advantage, promoting entrepreneurship with practices such as supporting R&D centers and technology development zones that are implemented to ensure this was also suggested. In this context, it was also emphasized that the support given to eliminate problems in front of entrepreneurship activities, such as reaching the capital, should be increased and continued.

After all these suggestions, the views of the schools of economic on anti-crisis and regional economic policy were evaluated through the labor market, moreover, the limitations of the research and the methods applied to solve these constraints were also introduced. I hope that a comprehensive and original study which can be reached by those interested in the subject was carried out.

2 PREVIOUS STUDIES ON THE TOPIC

In this section of the study, an examination of researches previously conducted on the topic was performed. In this context, firstly, academic dissertations written on the topic were obtained from CoHE (Council of Higher Education) Thesis Center. Next, academic studies were evaluated over ULAKBİM (Turkish Academic Network and Information Center). Besides, the internet environment and the references in the books were also surveyed.

In the assessment of the studies, its topics, scope, methods, and findings were examined and its contribution to the current study was evaluated. At this stage of the research, significant findings were obtained to carry out the current study and it was provided to use these findings to create both methodology and research suggestions that can contribute to the literature in the future.

In the evaluation of the studies on the topic, they were classified in terms of schools of economic, regional policies, anti-crisis policies and labor market, which are the basic elements of the current study.

Carrying out this review provides a summary of a comprehensive literature in which those who will study on the topic in the literature can get important contributions. Of the studies, all those closely related to the topic were examined. Thus, it was aimed to determine the fields of the literature that need to be improved.

The results obtained from the literature review were as follows;

For the examination of monetary policies, which is one of the basic areas of economic theory, the study of Özgür (2008: 51), which examines the endogenous money theory, was studied. Thus, the discussions on how the foundations of monetary policy were laid were summarized. In the study, which highlighted that the theory does not fully comply with the practices in practice and therefore should be changed, the reasons for this were mentioned. When evaluated in the context of schools of economic, it was observed that there are important findings in this study to describe the change of schools.

Examining the study in this context, it was determined that changes in the economy are stated in the summary section. These changes are generally explained by the tendency of banks to originate new deposits to meet the credit demand of the market. However, it was seen that the disclosure of the resource of new deposits originated in this regard cannot be achieved through endogenous money theory. As a matter of fact, when the structure of banks is evaluated in today's economic conditions, it takes on a foreign-intense shape. Thus, it was understood that banks have a tendency to originate deposits with foreign funds and to ensure their use in domestic markets. This development shows that the event should be discussed from a more holistic perspective.

As a result of globalization, the monopoly of nation states on the economic system is being broken and the obstacles to development are being eliminated one by one. The capital factor that has become more effective than the country's economies causes us to experience many different developments, especially shaping the countries for the continuation of the economic system. In the study, it was discussed through the assumption that the endogenous money theory is lacking in the context of crediting new money for meeting these issues.

In the introduction section of the study, it was emphasized that the loan demands of non-financial sectors are the primary force in the growth of the economy. Thus, the fact that companies can find loans that can meet production-related costs on easy terms can lead to economic growth was presented as the basic idea of Post-Keynesian economists. Should the non-financial sectors find these loans on easy terms, new areas of employment can be created, and thus, it is possible to restrain the factors that may negatively affect welfare, especially unemployment. Thus, it was predicted that the economic system will grow steadily by providing new loans thanks to generating excess returns on production-related interest income. It was stated that along with the elimination of the obstacles related to international trade, more resources will be needed than the resources stipulated by the endogenous money theory. Therefore, it was stated that additional financing opportunities will need to be kept alive for economic growth.

It was addressed that the theory of classical economics is shaped only on goods and this does not fully correspond to current economic markets. It was stated that besides the goods, elements such as bonds and bills for trade can be included in the system in the countries and that trade, therefore, can be performed also with non-produced goods and services. It was emphasized that this situation causes easing the role of the central banks of the countries on the economy and that the economic potential of the countries will always be more than the deposits mentioned in the endogenous money theory. It was stated that, thus, the influence of the government on the economy will decrease.

The discussions about the fact that potential can be realized constantly more than real economy are the root of the ongoing debates among schools of economic. It is stated that these debates, on the other hand, have experienced a shift in base with the evolution of the economic system. In fact, while it was accepted that the source of the credit was always the internal dynamics mentioned in the endogenous money theory in the discussions of the old schools, when it comes to the present, we see that the discussions are held whether the source of the credits is the ability to control the country's authority rather than the domestic deposit.

Stating the differences in the understanding at the end of the introduction section of the study, it was observed that this is concluded by expressing that it will be discussed in more detail later in the study. In the next sections of the research, it was observed that these discussions take place in a deeper manner.

After introducing the purpose and method of the study in the introduction section, the place of the endogenous money theory in Post-Keynesian economic thought is questioned in the first section. In this context, the question of whether the supply of money arises due to internal or external reasons was examined. In the Post-Keynesian period, which emerged with the Second World War and was regarded as the dominant understanding after the 1970s until today, the supply of money was claimed to be external. Along with the evaluation of the study together with the economic developments that have emerged until today, this view was considered to be acceptable. However, in the study, it was stated that even Keynes adopted an endogenous money supply in his first studies.

It was underlined that as per the Post-Keynesian theory, the supply of money was a case that can be controlled entirely by central banks. This approach means that monetarism is fully effective in the country's economies. However, it was stated that factors determining monetary policies such as inflation cannot be explained only with the supply of money.

Departing from this approach, the current study explains that fluctuations in money markets are due to the expansion or contraction in credit volume. Accordingly, the main element of the Post-Keynesian approach is explained as credit volume. It was stated that orthodox economics originate reserves with some of the deposits they obtain, and distribute loans with the rest of the deposits, thus they ensure the continuation of the economic system. Whereas, in the Post-Keynesian approach, the situation takes the opposite.

It was emphasized that, as a result of the fact that non-financial sectors reveal their credit needs, banks plan their funds to meet this. The loan needs of firms, thus, are an important factor in determining the monetary policy, and keeping this situation under control grows difficult for central banks. Since the obtaining of the mentioned reserves cannot be provided by internal sources, this must be covered by external sources. In this case, transferring its decisive role to the markets, the central bank adopts the tendency to regulate the markets without threatening economic growth.

In this case, central banks do not have to constantly meet the obligation to provide the funds needed by firms. However, this situation initiates new discussions on regulation and supervision issues by increasing the openness of the national economies and causes the theories related to economic independence to gradually disappear.

In the second section of the study, the topics of adaptive and structural internality were discussed. In this regard, the decisions taken by the Radcliffe committee in the UK after the Second World War, aiming to constrict the high liquidity in the economy were discussed. The topics such as the examination of the conditions related to the establishment of the Committee, the increase in expenditures with excessive liquidity, and the fact that these expenditures indirectly cause an increase in inflation were analyzed. In the discussions held in this context, it was argued that excessive liquidity will increase the circuit velocity of money and will not cause

inflation; while some others allege that this may cause an increase in interest rates. It was also claimed that the supply of money may be restricted as the interest makes investment instruments attractive. In the study, it was also argued that there were opinions that innovation was needed to increase the supply of money internally. It was emphasized that the added value of the goods and services will increase with the development of new products, and with the simplification and improvement of business processes, and thus, the opportunity to obtain more funds would be created. When evaluated within the conditions of that day and given that concerns about firms' productivity are at very low levels, it was observed that this did not made major changes for companies. But, when this situation is evaluated for today's economy, innovation becomes the biggest foundation for firms and countries for creating a fund.

When the opinions about the supply of money are evaluated, it was stated that, together with an oppressive monetary policy, capital will find ways to renew itself with the increase in interest. In terms of endogenous money theory, this means that the financial sector has become the dynamo of the country. However, evaluating today's economic business cycle, the fact that countries have no restrictions except for those where embargo on money circulation is placed suggests that views on the centralization of capital are more acceptable. With the meeting of domestic demand, funds may sometimes remain idle and there may be a surplus of funds. It was also stated that banks tend to innovate in financing by evaluating this surplus of funds in developing and underdeveloped countries with higher interest rates worldwide.

When all these discussions are evaluated together, it was stated that the fact that central banks control the market with monetarist approaches has become impossible due to the uncontrolled demand for credit. In addition, it was also emphasized that, in terms of the banks, since it will not be possible to make any changes until the maturities realize after the credit portfolio is created, the central bank will not have the opportunity to intervene. Consequently, it was stated that it would not be possible for central banks to have an impact on the economic trend in an environment where the amount of the borrower determines the interest rate according to the free market conditions.

Monetarist approaches are valid on banks when banks distribute money over their own credit volumes and go to borrow from the central bank. Thus, the effect of the

bank in determining the rates for loans is vitiated and it can adopt an approach to identify issues of quantity. Since the credit volumes of both public and private banks should increase for the development of the country's economy, both ensure the passive funds to be used.

In addition to these kinds of views, it was also observed that there are different opinions that reject the understanding that money is completely ineffective in the economic system and credit volumes can be decisive. As per some other opinions, it was shown that the policies of the central banks are structured so that the rediscount rates will always be the same but this does not correspond to reality. It was claimed that as the rediscount rates change by the liquidity ratio and the size of the development expenses, the interest rates applied to the banks also change, and thus, the amount of credit that companies can also use can be determined. Although this view is valid in terms of endogenous money theory, it is not valid in terms of the new economic system. The cost of external funds to the country's economies affects also the cost conditions of the domestic market. In this case, countries' reliability rates and the rates determined by credit rating agencies become more effective. Thus, even if a country's economy is kind of a self-sufficient economy since the money that comes as a portfolio investment to take advantage of the opportunity to become larger with external sources is likely to flow abroad at any time, the outsourcing carries also a certain amount of risk. While empirical findings that support adaptive and structuralist approaches are mentioned, it was seen that sometimes adaptive policies are more effective while sometimes structuralist policies are. When this situation was evaluated, it was understood that the studies do not cover the same time period, with the examination of the economy with unstable information, it was understood that the contingency approach is an important point in the development of economic theories.

As a result, regarding the axes on which adaptive and structuralist discussions are held, it was envisaged that central banks do not have an obligation to meet the entire loan needs of deposit banks and thus, they can carry out strategies on determining rates and reducing risk so as to regulate the course of the economy.

In the next section of the study, the topics of liquidity preferences and internality were discussed. When the discussions on this issue were examined, it was

observed that deposit banks provide liquidity with loans provided by central banks and that this is an issue that increases the cost of money. Thus, it was stated that Keynes's liquidity preference theory cannot be supported by the endogenous money theory. To understand this, the difference between long-term and temporary interest charges should be clarified. As a matter of fact, the long-term interest rate is determined by the central bank by proposing external rates. Temporary interest rates, on the other hand, are provided according to free market conditions with the circulation of funds obtained by deposit banks in the market. Thus, no situation where firms can choose liquidity for getting finance comes into question. It was also claimed that this situation triggered monetarism.

It was also observed that there are discussions about the misinterpretation of liquidity preference theory. Some theorists state that there are many investment instruments in the financial system and the desired instrument can be formed according to the needs of the company. Moreover, it was also claimed that banks can force central banks to raise interest rates by tending to stock the funds instead of releasing them and by decreasing the liquidity ratios. As per the endogenous money theory, the loans distributed by banks increase the amount of deposits by creating new funds. However, in a system where savings are increasing, the central bank should increase the supply of money by lowering the interest rates applied to the markets. This situation provides an increase in banks' profit margin with an increase in the credit volume and leads to the acceleration of economic growth. But, if banks prefer to adopt a method of making more profit with high-interest rates despite the cheap funds they obtain from the central bank, in this case, it is observed that the country's economy has become unstable and the crisis environment has occurred.

In the next section of the study, the transactions that are not included in the Gross Domestic Product (GDP), and credit expansion were discussed. In this section, the misuses of credits provided by the banks in the national economy or how credit expansion can occur if these loans are not considered within GDP were discussed. When social expenditures were reviewed, it was seen that there are many securities that are not included in GDP. Since these expenditures will increase as the population increases, it was thought that the need for credit in the society will increase even if the economic system is at a stationary state.

Considering the needs such as housing finance and financing financial transactions, it was observed that it is realized more than the loan need for industry and production. While the credits used for production allow new funds to be created according to the endogenous money theory, long-term credits to meet the needs such as housing finance may remain even below the inflation rate. Given the intensity of the demand, it becomes possible to realize the figures related to economic growth only with external credits.

In this case, firms have options such as using external high-interest credits or providing financing with the public offering. Since the figures to be obtained from share markets will not be stable, this method is not preferred and outsourcing is performed despite high-interest rates.

In the conclusion section of the study, all discussions about the titles opened are reevaluated within the endogenous money theory. Since this theory suggests that the supply of money will be related to the credit volume, it is not fully compatible with adaptive or structuralist approaches. At the same time, as it does not include credits that are not included in GDP, it was also thought that the regulatory role of the central bank may be more effective.

This study was added to the literature review since it presents important findings for determining the approaches of the schools of economic to the subject. Thus, significant findings to understand especially the approaches of the Post-Keynesian economic theories were obtained. In addition, it provided to obtain important findings to understand the importance of the contingency approach and to explain the globalization of the economic system. When examined in terms of method, as it includes discussing the results obtained from the literature review with examples, it reveals that the research pattern can be designed accordingly.

Another study on the topic was carried out by Yılmaz (2012: 1). In the study, the concepts of basic economics and institutional economics were discussed in the context of the sociology of economics. Within the discipline of economics and the discipline of sociology of research, the examination of the relationship between orthodoxy and heterodoxy was provided.

In this context, in the first chapter, the effects of the economic system on the division of social sciences were mentioned. It was stated that as philosophy had become insufficient to meet social needs, many social sciences, including economics, had begun to emerge, and that this had become a sharper distinction, especially as of the 1970s.

It was stated that, in the emergence of economics as a branch of science, marginalism was effective as a sociological reality. Since the contrary thoughts can more easily attract supporters and sociological realities are constantly changing and developing, it was emphasized that it provides a marginal evaluation of sociology.

When evaluated as a whole of human behavior, it was stated that sociological facts are effective on the behavior of individuals. Thus, although they are accepted as separate disciplines, it was emphasized that sociological and economic realities should be evaluated on a common ground. However, it was stated that after liberalism began to show its effect, sociological and economic realities conflict rather than complement each other. It was argued that especially with the 1970s, sociological realities in the countries have little to do with the economic field in the global economic system.

In the second chapter of the study, it was observed that the distinction between orthodoxy and heterodoxy in the economic field was examined. When discussions related to orthodoxy were examined, it was stated that this is the basis of economics, that it operates under strict rules and in an individual-based manner, and that it has turned the discipline of economics into an extremely mathematical set of rules. However, heterodoxy contains claims that orthodoxy is not compatible with reality, is insufficient to explain sociological facts, and that social realities are more effective in determining individuals' behavior. It was observed in the article that this situation is expressed as the economic theories related to Marxism do not comply with orthodoxy.

Evaluation of empirical findings related to this dilemma with the centralization of capital and globalization points out that heterodoxy shapes also orthodoxy and goes beyond being an issue that is evaluated within its own imperialism. When evaluated together with concepts such as neuro-economy, which started to take place in economics, it reveals that orthodoxy, which reached the level of excellence in mathematical modeling, should also evolve in order to face social reality.

Here, it was observed that, between the strictness of schools that advocate orthodoxy and the inability of schools that advocate heterodoxy, conceptual turmoil occurs. Therefore, when it was evaluated that it is not possible to explain the reason for a sociological fact only through economic principles, it becomes clear that interdisciplinary studies should be conducted.

In the next section of the research, on the other hand, the relationship between institutional economics and sociological tradition was mentioned. In this context, it was stated that institutional economics is getting closer to sociology because of its principles such as centering the society and staying away from other natural sciences. Thus, it was emphasized that institutional economics tends to benefit from the data of other disciplines. In the study, it was also stated that thanks to the emerging movements of thought, such as pragmatism, institutional economics is in a dilemma between concentrating on more basic elements and collaborating to reflect the social reality of the results obtained.

In the next part of the article, on the other hand, it was observed that the concept of the sociology of economics is addressed in order to overcome this dilemma. In this context, it is stated that, only after the fact that orthodoxy begins to define itself together with other disciplines, and that heterodoxy accepts this usual, the concept of the sociology of economics started to be accepted as normal. Thus, orthodoxy, which was formed on mathematical modeling, updated itself with social factors, while heterodoxy, which was formed on philosophical foundations and having difficulty in making definitive results, has acquired a mathematical basis on the other hand.

It was stated that, as a result, the concept of the sociology of new economics emerged from this dilemma. This study was included in the literature review as it revealed important information about the classification of schools of economics. In addition, since the topic of the current study includes a very sociological fact like the labor markets, it was planned to benefit from this study in the interpretations to be made.

On the other hand, another study where the validity of Post-Keynesian economics in today's conditions together with the new Keynesian economics was examined was carried out by Birol and Gencer (2014: 39). In this study, the differences

between these two movements were examined and their applicability in today's conditions was discussed.

Accordingly, it was stated that Post-Keynesian economics was more positivist, while New Keynesian economics was more normative. The reason for adding this study to the literature review is to evaluate the findings of these two approaches on labor, regional development policies, and preventing the economic crises. In this context, while Post-Keynesian economics seems to accept the basis of value as labor, New-Keynesian economics adopts a more utilitarian approach.

Another study on the subject was carried out by Öğüt (2003: 49). In the study, it was stated that the concept of neoclassical economics is not the scientific basis of the liberal thought. In this context, debates in which liberal economists often accuse people who do not share the same opinions as to their own for acting ideologically and not overlapping with reality, and discussions about whether this is actually a basic scientific response were included.

As it is a critical writing, it was stated that the modern economic theory will focus on the general equilibrium theory, which it accepts as the basis. It was claimed that this theory is taught as indisputable even in higher education institutions. It was even stated that people trained according to this theory can be accepted as the followers of a new religion due to orthodoxy. It was associated with the predictability of the reactions of markets to emerging situations and with the fact that they prove that markets were constantly balanced over Pareto optimum.

In the following sections of the study, it was observed that the theories related to the philosophy of science, on which the equilibrium theory is based, were discussed. The first of them was carried out in the form of Karl Popper's critical rationalism approach and the examination of the falsificationism philosophy used by this theory. It was stated that, without knowing that it was based on natural sciences, the method was accepted only because it had a liberal thought and criticized Marxism. It was stated that, thus, scientific basis disappeared.

It was stated that the issues shown as a scientific basis are not related to the discipline of economics with long discussions and that economic theories generally carry out their activities towards creating the desired situation in the markets rather than

explaining the reality in the market. This study was included in the literature review for the examination of the theories on which the scientific basis of schools of economic are based. In addition, it constitutes an important basis for supporting the contingency approach resulting from the study.

Another study on the topic was carried out by Keçetep (2016: 823). In the study, which provides information about the development of economics in our country, important information is provided about the schools of economics and how economics developed as a branch of science. In the study, which provides information about the development of economics in our country, important information about the schools of economics and how economics develops as a discipline of science was presented.

In the introduction section of the study, it was seen that the discipline of economics emerged with the 18th Century, but its philosophical basis extended until the ancient times. It was mentioned that industrialization has influence in the emergence of economics as a discipline separate from philosophy. It was seen that pre- and post-republic periods were examined in this context.

It was observed that economics focused on tax collection and import in the pre-republic periods. The processes in this period such as loss of economic independence extending to Public Debts (*Duyun-u Umumiye*) as a result of agreements signed with western countries, and the abolition of the state were investigated.

It was summarized that, with the foundation of the Republic of Turkey and as per the statement of “No matter how big political and military victories are, they will not be continuous if they are not crowned by economic victories”, together with the great leader Mustafa Kemal Atatürk, there were thrusts of production and industrialization. It was stated that İzmir Economic Congress was held in this context. It was seen that, in later years, as interventions delay in the situations where the principle of etatism does not correspond to globalization, economic problems appeared to arise. It was observed that, with the change of power following this, economic growth increased as a result of the beginning of the creation of free-market conditions. A second thrust took place in the period of Turgut Özal, and the economic structure of the country started to be governed entirely by liberal policies. After the disruption of the economic structure in the years after Özal, Turkey, which experienced major economic crises,

started to recover in the 2000s with the implementation of tight fiscal discipline policies. After this phase, thanks to the implementation of R&D and industry-based economic policies and along with the political stability in Turkey, economic development started to attain larger figures than the average of OECD countries.

With the reflections of this in social life, the level of welfare increased and Turkey achieved prestige in the diplomatic field. However, it was observed that there were still things to be done regarding the foreign trade deficit and current accounts deficit.

In the study, foreign experts who came to Turkey escaping from the practices of Nazis in Germany were also mentioned. In this context, it was stated that economists such as Fritz Neumark, Gerhard Kessler, Ernest Reuter, Alexander Rüstow, Wilhelm Röpke, Josef Dobretsberger, and Alfred Isaac were effective in shaping economic discipline in Turkey by giving lectures as well as economic activities they performed.

It was seen that, in the conclusion part of the study, there were interpretations on the topics such as the emergence of economic discipline, reflections of this in Turkey, and the increase of Turkey's ability to cope with economic problems. This study was included in the literature review since it provides information about the discipline of economics and conveys information about its development in Turkey. It was planned to benefit from the current study at the points related to the development of economic discipline in Turkey.

Another study on the development of economics was carried out by Şenalp (2007: 45). In this study, the development of institutional economics was examined in detail. In the introduction section of the study, the importance of institutional economics and its definition as a concept were introduced. There are evaluations in the context of the schools of economics related to shaping this concept, which is a very important issue in social life.

In the second section of the research, the basis of institutional economics from past to present were examined. It was observed that many references were made to the philosophy of science in this context. It was seen that the study, in terms of theoretical bases, was based on issues such as determining and especially limiting the effects of institutional economics on the public economic system. However, it was stated that

environmental impacts were neglected in settled economic theories and that, in today's economic conjuncture, the countries carry out their activities to protect the interests of companies doing business in the international arena.

It was observed that, in this context, the German school was examined first. Accordingly, this school, which emerged as a result of the works done by Wilhelm Roscher, operates on the assumption that a standard economic policy cannot be adopted in the international arena as its culture is different as a collection of values that each society created in its own past and that the imposition of this constantly causes inter-communal conflicts. Regarding this issue, it was observed that the theory that gives examples, particularly England, argues that the economy should be brought to a feet-on-the-ground manner. When the views of this school were evaluated in today's economic and diplomatic cycle, it introduced many available information together. When companies plan their operations for their own country, they may not have any problems as there will be no difference, however, since all societies differ internationally, there are difficulties in integrating into the economic system. It was seen that, therefore, the cultural differences should be investigated.

Considering this finding of the study in terms of the current study, it shows that the labor force related to the labor market should be evaluated within its cultural infrastructure. In this regard, a significant finding was obtained regarding the development of the theoretical infrastructure of the current study.

In the next part of the research, the American pragmatic philosophical tradition was examined. In this school, which emerged with the understanding that individuals should be evaluated based on the benefits they generate when pragmatism became dominant as a philosophical view, the assumption that the views put forward by the scientific reality do not have a permanent effect on individual behavior was suggested. Accordingly, individuals can adopt a method of developing behavior by looking after their interests and ignoring their cultural background. It was emphasized that, thus, more disciplines should be evaluated together with the collaborative study in order to explain the behaviors shown by the society in the economic system. Additionally, it was stated that no matter how much knowledge is produced, the behavior of the individual and society can change constantly in social sciences. It was claimed that, for this reason,

the individual and society can be successful as long as their goals match those of the companies.

This finding obtained from the study also contributes significantly to the current study to explain the structure of the labor markets. While cultural values were brought forward in the German school; in the American school, on the other hand, individual goals were suggested to be effective in determining behavior. Both schools were correct when considered within the contingency approach and the most important conclusion that can be drawn from this approach is that multi-disciplinary studies should be carried out to examine individual and community behaviors. It was thought that it will be possible to support the theoretical background of the current study by further discussing this finding with examples in the discussion part of the current study.

Again in the next section of the research, Thorstein Veblen's contributions on institutional economics were examined. It was stated that Veblen, who had a bright academic background, brought criticism to the basis of institutional economics with hypotheses such as “invisible hand” and “natural order” of settled economic theories. In the settled economic theory, it was claimed that a stagnation will occur as a result of fluctuations in both companies, countries and international markets. An approach, which states the fact that this makes economics a static discipline that depicts only what is happening and that what needs to be done is that economics should be used as an instrument to shape society, was brought. It is claimed that, for this reason, it is wrong to evaluate the individual only through pleasure.

With the contribution of Veblen, many theories have been put forward to guide the shopping habits of individuals. This finding was very important for the current study. Because it makes a significant contribution to the explanation of the approaches related to the structuring of the labor market. However, this approach may be valid for ordinary individuals and does not coincide with the behavior of the aristocratic segment, which is described as idle. As a matter of fact, individuals can exhibit buying behaviors that they consider bringing prestige. In addition, this situation was observed more and more as the level of welfare in the country increases or as the difference between income justice is getting bigger. Finally, Veblen's approach of putting economics on an

evolutionary basis on being decisive rather than descriptive, on the other hand, was an important finding for the structuring of labor markets.

In the next part of the study, information about the decline of institutional economics was introduced. It was stated that institutional economics started to decline due to issues such as the fact that theories developed in this context were insufficient to explain human and social behavior, that a descriptive approach does not fully match the realities of life, and after World War II, communities and firms started to operate more in the international market.

It was stated that, thus, institutional economics should be reevaluated within an evolutionary framework and this leads to the emergence of new institutional economic theories. It was evaluated that, with the adoption of liberal policies, this new approach became in a position that gives importance to interdisciplinary studies, that envisages the investigation of the behavior of all market actors with more scientific studies; besides, it became more realistic by trying to reduce the impact of the public within the economic system, while accepting economics as an instrument for shaping society.

In this context, the basic assumptions of the concept of new institutional economics were discussed. The first of these assumptions was defined as procedural individualism and it defends the idea that the behavior of the individual is the basis of social and international economic activities. The second assumption was bounded rationality. This assumption suggests that individuals can be misguided because they are not fully informed in decision making. The final assumption was transaction costs. Accordingly, the costs of the activities carried out to operate in the markets should be added to the total cost. Thus, it is necessary to make more transaction costs to reduce the risk and this increases further as we move away from rationality.

It was understood from these assumptions that individuals should be evaluated within themselves before the social level for the examination of labor markets. When evaluated in terms of bounded rationality and transaction costs, considering that one is the result of the other, it was evaluated that it will be an important contribution to make the market more rational by investing in the individual for the development of labor markets. It was thought that this inference can be assessed in the section of the current study that provides recommendations on the future of the labor markets.

In the next part of the study, it was seen that the assumptions developed by the settled economic theory and evaluations on the role of the public in the economic system were examined. These assumptions were listed as follows: individuals and companies are rational; they operate to maximize everything positive; information has no cost; inputs and outputs can be varied; companies' needs are endless; cost issues occur on a mathematical line.

There are criticisms that individuals and companies are not fully rational (generally due to lack of information) by addressing them one by one and that information has a cost. Regarding the diversification of inputs and outputs, it was stated that, in the criticisms that the needs of the company have increased, companies have problems in monitoring the market. And finally, the mathematical explanation of the firms' performance cannot be expressed entirely numerically due to market fluctuations. It was considered that this situation may change due to perception regarding the level of achievement that will satisfy the individual psychologically.

Evaluating these criticisms in terms of the current study, the cost of information is considered to have important contributions to the formation of the labor market. It was also stipulated that market fluctuations may have implications for the volume of the labor market. It is thought that these findings can also be used to express approaches to the labor market.

In the next part of the research, the effect of the public was examined. There are discussions about the fact that, since the government, to maintain his own power, can have negative effects on the general economic situation of the country as a result of the election economy applications, the public must be withdrawn from the economic system. It was also argued that this is a theory developed in the direction of a situation upheld for generalizing the effects of liberal economic policies and globalization. However, when it was analyzed together with the realized situations, although it was seen that the public impact on the economy should be limited, it was also considered that it should have a regulatory effect.

It was seen that the study continues with the examination of the relationship between the new institutional economic theory and the concepts of economics. It was observed that, in this context, the concepts of property rights, legislative regulations,

and transaction costs were examined. When the discussions were evaluated, it was seen that the following issues were emphasized: the property rights must be protected; legal arrangements should be made to ensure economic growth; and in order to reduce transaction costs, the whole society should be educated, starting from the individual.

In the conclusion part of the research, it was explained that the settled economic theories fall short to explain the current economic system and that economics should adapt itself to social developments and consumer behavior. It was emphasized that institutional structures and legislative regulations should be made on enlarging the economy, and the impact of the public should be reduced.

This study contains significant findings for evaluating the perspectives of the schools of economic in terms of the current study. For this reason, it was included in the literature review. Significant findings were obtained especially for determining the views of economic approaches on labor markets. It also shows that investment in human beings will decrease transaction costs as it increases rationality and that it will provide more efficient processes in terms of economics. Finally, due to the fact that if the individual's own goals coincide with the firm's goals and the firm's goals coincide with the country's general economic perspective, it will provide significant economic results; it was understood that the assumptions of schools should be reevaluated in the discussion section.

Another study on the emergence of the economics discipline and schools was carried out by Acar (2005: 367). Investigating the struggle between individualist and collectivist schools with the emergence of liberal economics, the study includes the debates between the liberal school that defends the free market economy and the collectivist school that proposes to display a statist structure.

In the introduction part of the study, it was explained that the discipline of economics started to develop with the 18th century, and it emphasizes the ongoing struggle between market and command approaches in terms of economic approaches. In this context, it was seen that the schools upholding the market economic system evolved through the understanding of “laissez-faire, laissez-passer” that has been equated with Adam Smith. Considering that, throughout the history of mankind, the development of civilizations occurred as a result of their interaction with each other, this was considered

to be a fact that must occur as a requirement of globalization. It was emphasized that, on the other hand, developed countries are focusing on this to expand their hegemony on developing and underdeveloped countries, and that the views of the schools upholding the command economic system that the nation state structure will disappear with the centralization of capital were also justifiable in some places.

The approaches of theorists who give opinions in the direction of the fact that the funds needed by the free market and the economy must be met even from external sources or this should be limited and the economy should be kept under control were examined.

It was seen that, in the next part of the study, the schools of economics were discussed. It was found that, in this context, mercantilism was examined first. It was stated that this school was named with different names in different countries, it was generally effective in the 16th and 17th centuries, and its basic philosophy was trade. It was stated that for the country's economy to be good, it should have related reserves, particularly gold and silver. Additionally, it was stated that to prosper, the country should have a foreign trade surplus. It was observed that imports should be regulated in order to have a foreign trade surplus. According to the representatives of this school, world resources are limited and one country needs to get the resources of another country to prosper. Thus, in mercantilism, a market-focused policy on the export side and a protective policy on imports have been followed.

Evaluating this finding in terms of the current study, it provided significant information about the labor market. Accordingly, quality goods and services should be produced to promote exports. Thus, efforts should be made to retain human capital or human resources. In addition, to reduce imports, the consumption behavior of these individuals should be strictly controlled. By this approach, since the increase in welfare may lead to imports, the level of income should be constantly controlled to prevent such behavior from occurring throughout the society.

The second school of economics discussed in the article was physiocracy. According to this approach, the land is believed as the sole source of wealth. It was claimed that production can only be carried out on an agricultural basis. It was argued that, in this context, nature constantly operates its own protection law and that

individual property is an issue that needs to be protected. It was emphasized that the duty of the state is to protect only this right. Although this approach lost its validity with the industrial revolution, its views on the protection of individual property still take place among human rights.

Considering the information obtained here in terms of current study, it was observed that physiocracy is not valid for today's societies. In addition, the need for labor force will decrease continuously with applications such as Industry 4.0. However, the labor market consisting of qualified individuals will be needed. Therefore, it was seen that the current situation of the labor market cannot be explained by the representatives of this school.

Again, it was observed that, among the schools discussed in the study, there was also classical school. It was stated that this started with the inquiry of Adam Smith named "The Wealth of Nations". It was stated that this movement dominated the economic discipline for about a hundred years and among its representatives were famous economists.

According to the representatives of this school, the basis of economics is provided by balance and full employment. Price constantly leads to equalization of supply and demand. Accordingly, as long as there is no intervention to the markets, everyone can find a job to do and this ensures full employment. Thus, the public will not need to make any regulations on the economy. It was stated that, departing from this point, the best state is the least state. Again, according to the representatives of this approach, money is not an important fact and cannot be replaced by real variables. Accordingly, the value of goods or services is labor. The more labor required to produce a good or a service, the more expensive it has to be.

Evaluating this information in terms of current study, it was seen that, compared to the previous schools, the classical school gives more importance to the labor market and its concept. When the assumption was evaluated within daily life, it was seen that this assumption is not valid because the labor wages paid for the labor-intensive sectors are at levels that can be accepted as a minimum in the society. However, in cases where fine craftsmanship is needed, the situation seems to be different. To give an example of a welder, while only welding allows you to get a per

diem allowance, being able to weld underwater will let you generate much more income.

Although some views of the classical school are valid, with some views falling short, it was stated that the neoclassical school was the longest-running approach between 1870-1930. Also in this approach, as in the classical school, it was stated that the equilibrium mechanism was effective and the market would operate without friction. It was seen that this was explained by the constant cleaning of the markets. To make it clear, the price clears the supply and demand by reducing or increasing the price. Thus, it claims that it would be unnecessary for the public to intervene in the economic system.

Unlike the classical school, neoclassical schools of economics recognize that labor is value, but also suggests the concept of subjective value. Thus, the concepts of marginal utility and marginal productivity were also introduced. Accordingly, the meanings that individuals assigned on goods and services will change and there will be no concept of value that applies to the whole society. To set an example, if someone who was stranded in the desert without water had a diamond in his hand, to reach the water, he would have to give this diamond. Thus, it can be seen that, in that place, the water will be the same as the diamond with very high value. It was stated that this school frequently discusses this as the paradox of value (also known as diamond-water paradox).

It was added that this school made contributions to the formation of the mathematical infrastructure of economics by applying many theories from physics and mathematics to the field of economics. When the findings related to this school were evaluated in terms of current study, it was seen that the subjective value is valid for the labor markets and has great effects within the regional differences. This, on the other hand, causes clusters to be created in places where the sector-related costs are cheap.

Another school addressed in the research was the Keynesian school. This school had an influence on shaping the economy after the Great Depression that emerged with the 1930s, until the 1970s. This theory, unlike other schools, states that the economy should be structured over chaos rather than equilibrium. It was claimed that, especially in inflationary economies, prices will not be in a downward trend, even

in the case of full employment. Thus, the wage paid in return for labor will also tend to increase continuously. According to the followers of this approach, the biggest problem in the economy is the weakness in demand and to solve this, the public needs to intervene in the markets. In addition, representatives of this school find it more appropriate to perform macro-level moves rather than focus on the behavior of individuals. Thus, they care more about macro matters such as aggregate consumption and saving. Again, unlike other schools, they claim an inverse proportion between inflation and unemployment. To bring down the rate of inflation, it is necessary to consent to unemployment and slowing economic growth. Otherwise, they find it necessary to consent to inflation to bear the cost of money.

This approach was considered as a lifebuoy for countries with a difficult situation and was adopted very much by politicians. However, with the 1970s, it lost its validity with stagflation, which can be summarized as the high inflation and unemployment associated with the restrictions in the supply of money.

Evaluating the findings obtained from this part of the study in terms of the current study, although the determination of labor markets by the public is seen as a measure for the protection of labor, it also means large costs for the employer. Therefore, it was seen that the public needs to make regulations to meet the expectations of both the employer and labor. In order to increase the perception of welfare, it is necessary to regulate the expectation of high labor costs, while in order for the employer to continue to work, the cost of labor must be regulated.

Again, another of the schools discussed in the article was the monetarist school. It was stated that the pioneer of this approach is Friedman. According to this view, it is the public who is responsible for the course of the economy. It was stated that the interventions of the public in the economic system have an impact on the economic balances and therefore, the impact should be limited. In these views that have been applied since the 1970s until today, debates have been continuously held that the public influence should be reduced.

According to this approach, monetary policies are very effective on the course of the economy. Therefore, the supply of money should be realized as much as demand. When this situation was evaluated in terms of economic growth, it was observed that the

endogenous money theory was adopted. However, it was claimed that monetary policy will have positive effects on the labor market with long-term policies.

Considering the approach in terms of the current study, it was seen that the regulatory effect of the public in monetary policies will also have a negative impact on the labor markets. However, considering that issues such as occupational safety with a monetarist approach will result in easier exposure to external interventions, it was seen that the public should adopt adaptive policies instead of determinant regulations.

Another school addressed in the study was determined as a supply-side economics school. The main assumption of those who adopt this view is that the biggest constraint of the economy is in short supply. It was stated that, as a result of the underdevelopment of the supply, stagflation occurs, and therefore, production should be increased.

The supporters of this approach argue that further supply will be realized by easing the tax burden and they claim that this will actually increase tax revenues. Evaluating this approach in terms of the current study, it was seen that tax restrictions will create a positive environment to ensure the value and safety of labor. It was also thought that, along with its import-substituting effect and with export-promoting regulations, this may provide to get closer to the full employment situation. It was anticipated that this movement, which emerged after the 1980s, may also work outside of crisis environments. As a matter of fact, it was estimated that, since the demand will shrink in the crisis environment, the supply will not make any sense, and that this will have implications for idle capacity.

Again, another school discussed in the study appeared as a rational-expectations school. According to the article, followers of this approach came with more extreme demands than monetarists. In reference to this trend, which started to be popular with the 1990s, individuals act more rational than ever before. They estimate the results of the announced policies and cannot be easily deceived. This approach, therefore, differs from the monetarist approach. According to the monetarist approach, individuals shape their adaptive expectations based on their past events, whereas according to the rational-expectations school, on the other hand, individuals direct themselves through their predictions about the future.

Thus, it anticipates that even a little touch on the supply of money by the governments to boost the markets will cause them to lose their purchasing power due to the increase in real prices; and therefore, it predicts that they will object to the need to increase the value of labor.

For all these reasons, the supporters of this approach claim that the previously announced monetary policies will have no effect, therefore, they argue that making abrupt changes can only be effective in steering the economy.

Considering this approach in terms of the current study, very important information was obtained. According to this school, the labor market is very much related to economic developments. Therefore, they want to have the right to comment on their own changes. By working on revealing the effects of public regulations, they can reveal situations such as organization.

Again, another school discussed in the study was the school of New Keynesian Economics. Accordingly, the notion that markets are frictionless was put aside. Costs and prices are predicted to be sticky rather than flexible. Therefore, since the lack of information predicts firms to suffer losses, the intervention of the state was considered inevitable. Evaluating this approach in terms of the current study, it provided to obtain a lot of information. As a matter of fact, wages in return for labor were seen as sticky. Thus, the wage factor becomes an issue that must be taken into consideration in the calculation of the unit cost. However, the fact that this is determined by the public is protective for firms but includes regulatory provisions for the labor side. In addition, since the factor costs will be determined by the effect of the others, and since the issues such as raw materials and energy cannot be intervened, this also indicates that workmanship will be charged.

Another school addressed in the article was the Marxist/Collectivist/Socialist school of economics. According to this approach, it was stated that there is a constant conflict among the owners of labor, capital and land in terms of participation in the society. It was stated that this brings competition in the social structure, while this competition causes chaos. It was stated that, for this reason, there should be no individual ownership and everything should belong to the public. It was claimed that labor will be continuously exploited as a result of the capitalist economic system and

that this could push the proletarian class to riot. It was stated that, as a result, the riot will bring a proletarian dictation and social problems will disappear with communism. Since using all the resources of the society together will restrict the impulses such as profit expectation, they express their opinions that this will be more successful.

Considering this approach in terms of the current study, it appears to be more egalitarian, as environments such as individual property or competition for labor markets were eliminated. However, it was known that there is no performance evaluation among individuals and that in cases where the market is completely governed by the public, individuals' determination to succeed decreases. This brings inertia and inertia brings inefficiency. Since no distinction can be made between the hardworking and the lazy, thus, spreading the inertia to the whole society becomes possible. As a matter of fact, the situation with the Soviet Union is obvious. Although the supporters of this view have an approach that the theory is perfect and the practitioners are mistaken, the proletarian structure has no right to have a say in management. The level of social welfare, thus, is at very low levels.

Another school examined in the study was the school of institutional economics. Accordingly, individuals have no impact on the course of the economy. The economy is directed by the institutions. It was stated that, when criticizing capitalism, also the supporters of this approach use trenchant words as socialists do. Accordingly, capitalism is described as a barbaric evolution and individual property as a prize. Again, according to the followers of this view, the rich are described as a leisure class that does not engage in any activity. For the welfare of the society, the public should provide income justice by collecting more taxes from this class.

Evaluating this approach in terms of the current study, while taking from the rich and giving to the poor is kind of displaying a Robin Hood behavior, it should be evaluated that only the labor has a chance to live with the wealthy directing his capital weapon to production. Besides, since this approach builds the balance between groups by taking from one and giving to the other, it was anticipated that this will result in a circumstance such that the economic development of the society will not be possible. As a matter of fact, the creation of new business environments will be possible with capital formation. Since the fact that the economic size is not realized at the same rate as the

increasing population would mean more people who are socially dependent on the labor market, it will negatively affect well-being.

The last school examined in the study was the school of Islamic economics. In this context, it was stated that there is a theory established by economists of Arab, Indian and Pakistani origin and it is not yet fully structured. It was stated that, according to this view, the definitions made by economists and philosophers for mankind are much more than the definition of "*homo-economicus*" and that human beings have also moral values. According to this approach, since it pushes people to usury, interest is bad and it should not be included in the economic system. It also negatively affects the supply of money. It was also observed that this approach criticizes capitalism strictly, but argues that the right to individual property should also be in the hands of individuals.

Considering this approach in terms of the current study, it was foreseen that the labor market will be positively affected by this situation in terms of boosting the production through the continuous evaluation of capital in the market. However, since this approach envisages that individuals can turn to capitalism with the ambition of making money, it states that public control should be strictly applied in this regard. Finally, it states that, with the fulfillment of moral issues, the labor market should be structured so as to ensure social stability not only with wages but also with alms (*zakat*) and charity.

It was seen that, in the following sections of the study, the clash between the approaches of the market economy and the command economy was examined. Although there are calls that, even within economic approaches, the movements of thought should not be classified; it was stated that all these approaches can be better explained by classifying.

In this context, it was seen that the opinions of the representatives of the market economy defender schools have more place in practice. However, since they are the result of views on the regulation of the course of the economy in the years in which they emerged, it was stated that the command economy defender approaches are also valid. Therefore, it was seen that all these schools can be evaluated together in the

contingency approach and their convenient parts should be combined with an eclectic approach.

This study provided to obtain very important information in terms of the current study. It was, therefore, included in the literature review. Firstly, the fact that all of the schools of economics have been addressed was very important for determining their approach to the labor market. Considered within its historical development, it also reflects the perspective on labor and people from mercantilism to the New Keynesian approach. It was planned to benefit from this study for the explanation and classification of schools of economics.

Again, another study addressing the schools of economics was carried out by Kutlu and Horvath (2017: 95). In this study, the methodological basis of Post-Keynesian macroeconomics was examined. In the introduction part of the study, the emergence of Post-Keynesian economics was explained and it was emphasized that it contains methodological differences from the settled economic theories. It was mentioned that this thought included some views of other schools of economics such as the rejection of dualism and the positive/normative distinction. In addition, the followers of this thought treat the individual as both a person and a part of society. In this context, it was stated that the Post-Keynesian school provided classical-orthodox economic theories to be considered in a heterogeneous way.

It was observed that, in the remaining section of the study, the views and representatives of this approach were considered methodologically in general. Evaluating in terms of the current study, this approach claims that, concerning the labor market, regular employment will somehow be provided if the markets are in equilibrium. However, in this approach, it was envisaged that the wage earned in return for labor will decrease in fluctuations, on the other hand, purchasing power will become disadvantageous with the increase in prices. In this regard, this information was believed to be useful in determining the approach of this school to the labor market.

Similarly, in his study published as a book chapter, Eren (2012: 103) addressed the issue of economics education, new economics, and global crisis. This study was included in this literature review to obtain the views of modern economic schools on labor markets.

It was seen that the study started with a question in the introduction part about whether the evolution of economics in history will be repeated or not. It was implied that this is possible and that the circumstances pushed to adopt more forward-looking eclectic methods rather than going back.

In the next section, it was mentioned about globalization, and information was introduced along with the history of globalization and on why countries have to act together. In terms of the current study, it was stated that countries make efforts to reduce transaction and production costs in order to compete with each other. It was stated that, thus, production is steered towards countries that provide cheap and high-quality labor. Besides, it was seen that the discipline of economics has started to be mentioned together with other disciplines and that benefiting from other disciplines in economics education is necessary to adapt the future human behavior and sociology to economics.

It was seen that, in the next part of the study, the details of the methods determined as new economics were discussed; afterward, the subjects of interaction with disciplines such as econometrics, ecological economics, and computer simulations were mentioned; and it was stated that economics can find the opportunity to expand only by the knowledge produced by other sciences.

Considering this study in terms of the current study, it was seen that the modern economics approach related to the labor market is an issue that needs to be evaluated within the framework of information from many disciplines. Therefore, it was thought that both regional development policies and the prevention of crises can be achieved in this way.

Similarly, another study on the interaction of economics with other sciences was conducted by Kabaş (2013: 13). This study provided information on the emergence of the sociology of economics. The reason why this study was included in the literature review was that the labor market contacts with important points related to the social field of economics.

In the first section of the study, it was emphasized that economics should not only be accepted as a profit and cost account, and that it needs to be known that it has also a side interested in humans. In this context, it was seen that the sociology of

economics has emerged with the suggestions that the economy will have an impact on sociology as a result of the studies of Marx, Weber, and Durkheim. It was seen that, as a result of these opinions, the society was divided into classes and the concepts related to the labor market started to emerge.

As these views are poles apart, it was stated that method discussions were held on how to operate the rules related to the labor market in economic life. It was seen that, thus, new economic approaches need to be shaped by a number of assumptions. In this context, it was stated that firstly economic behavior should always be shaped in social life. To accept the individual only as *homo economicus* means to ignore the social aspects of man. A second assumption was that the economy and its basic institutions can be designed by the social structure. Along with the evaluation of this assumption in terms of the current study, significant information was obtained. In the formation of both regional economic policies and the labor market, the structuring of institutions has importance.

The third assumption of the study, on the other hand, was that the concept of rationality is an unrealistic concept. Examining its reflections on daily life, it reveals that consumer behaviors occur differently due to the diversification of individuals' rational perceptions. Another assumption mentioned in the study was that the sociology of economics should be shaped based on economic facts. Although this assumption was regulated as a requirement for future inferences in the schools following Post-Keynesian schools, it was understood that evaluating economic facts is the first condition to make an inference. The last assumption in the article, on the other hand, was summarized as making little collaboration with basic economic theories. This assumption was expressed as a limitation for the new economic theory. However, greater cooperation with basic economic theories shows that newly established theories can be built on more solid foundations.

In the remaining part of the study, it was seen that these assumptions were examined with examples and that the opinions of Sabri Ülgener, who made great contributions to the sociology of economics in Turkey, were also included. As a result, with this study, significant information about the development and views of the Post-

Keynesian school was obtained. This was planned to be used in the development of the theoretical background of the current study about Post-Keynesian school.

Similarly, another study on the recent evolution of thought of economics was carried out by Alada (2007: 1). In this study, it was also mentioned about the importance of being literate economically in Turkey. In the introduction part of the study, it was emphasized that economics should be considered as a science, but it cannot be expressed as precisely as science because it is a social science. It was mentioned that, therefore, this is a phenomenon that must be supported by other sciences, especially philosophy, in order to express opinions in the economic field.

In the next section, information was given about the fact that the discipline of economics started to develop with the 18th century; besides, opinions of thinkers who have contributed here and information on how economics is related to what is happening in the world were introduced. In the following parts of the study, on the other hand, information was given about how important it is to be a literate economically in Turkey.

Evaluating this study in terms of the current study, it was stated that since being a literate economically will force individuals to take more rational steps, this will provide important developments for both the employer and the labor market. From this point of view, this finding is significant to support the views of the current study on both regional policies and the prevention of economic crises and the labor market.

Another study examining the effects of the schools of economics was carried out by Baslган (2010: 23). This study examines the effects of the German school on Schumpeter's views. The article was included in this literature review to examine the German school's opinions on the labor market.

In the introduction part of the study, the main assumptions of the German historian school were discussed under six titles. The first of them was about the importance of social life and the continuity of relations between individuals. It was understood that in social life, the individual cannot be defined only as "homo economicus". The second assumption, on the other hand, was expressed as an interest in development. This assumption was accepted as an important point for the progress of societies. The third assumption stated in the study was the development of an organic

and holistic perspective. Thus, it was understood that this approach is more relevant to macro matters. Another assumption, on the other hand, was the acceptance of human motives. This assumption was significant when it was evaluated along with the Theory of Reasoned Action and it states that the behaviors of individuals and societies in economic life are based on motives and can be shaped. Another assumption was that events should be evaluated not on their general nature but on individual relationships. It was understood that, in this school where the inductive method was adopted, community behaviors will be shaped as a whole of individuals' relationships. The final assumption stated in the article was historical relativism. This assumption can be accepted because it covers the discussion of sociological and economic realities in their realization time. Thus, every event should be evaluated within that moment.

The next sections focus on the effects of the German Historical school on the multifaceted views of Schumpeter. In this context, it was seen that the opinions of putting the individuals forward and evaluating the individual in a multifaceted manner were effective. Considering these findings in terms of the current study, significant information was obtained for the labor market. Thus, it was understood that all motives of the individual should be addressed to determine the return for labor. Evaluating in today's economic trade cycle, it was seen that, to retain qualified labor force, practices were carried out to meet the economic needs of employees, as well as their social needs.

As a result, it was seen that departing from the assumptions of the school, the German Historical school influenced the opinions of Schumpeter and his followers. Thus, it was understood that the individual should be approached in all aspects. This finding was very important for the current study. As a matter of fact, it was planned to benefit from this finding in explaining regional differences related to the labor market.

Again, another study which was included in the literature review to understand the schools of economics, and which investigated the determination of the boundaries of economics and the wackonomics approach was carried out by Dündar and Dumrul (2010: 239). In the introduction part of this study, it was stated that individuals and firms are not looking for rationality in their movements in the markets and that all rationalist approaches, therefore, collapsed. When considered as a scientific discipline, it was stated that, as a science, economics should act rationally and explain the facts

accordingly. Thus, it was pointed out that the explanation of the facts through a refuted theory becomes undue. However, it was emphasized that an economic discipline is needed to structure the economic system and that this should be structured in a rational approach to explaining the facts.

In the following parts of the study, criticisms brought to economic theories were discussed. The first was to accept that there is only one methodological way. However, this view was invalid in terms of philosophy of science. Until his own opinion was confuted, each theorist claims that their opinion is the only way to solve problems. However, in social sciences, as in science, for the solution of a problem, a single solution proposal cannot be offered. Also, when evaluated historically, a theory which is a suitable solution for the conditions of that day can become unsuitable for later times.

A second criticism brought in this context, on the other hand, was based on the assumption that markets will find their balance. As the fluctuations in the markets in crisis environments have risen to higher levels than the economy can tolerate, it is stated that this cannot be a mainstream assumption.

A third criticism brought to this approach, on the other hand, was that the individual is accepted only as homo economicus. Since it was seen that when the structure of human and society was examined, it has social aspects, this criticism seems to be a proper criticism.

After all these criticisms, what needs to be done to restructure economics as a science was summarized. In this context, economics should first be harmonized with other sciences and their findings. As a second point, it was stated that the functioning parts of the theories should be combined in an eclectic way. To do all this and falsify previous theories, it was suggested that the discipline of wackonomics be put forward.

In this new model proposed, it was stated that economics should go to specialization. In this context, it was stated that new fields such as the economics of academic, sports, belief, law and crime should be revealed and these should be handled one by one. Evaluating this section in terms of the current study, it was envisaged that it can be applied in terms of both labor markets, economic crises and regional development policies. This finding will be covered in the current study on making predictions about the future.

Another study on the emergence of contemporary schools of economics was revealed by Urhan (2011: 179). In this study, passing from classical analysis of the wealth to the approach of the modern schools of economics was discussed. Before the understanding of modern economics and after discussing whether usury is ethical, this study examines the passing from the schools of economics to mercantilism and physiocracy.

The study that appears to cover the concept of labor in detail was included in this literature review to examine the current study's perspective on the labor market before modern economics.

It reveals that labor was not deemed important before the modern schools of economics started. It was stated that, instead, the concepts such as value, price, trade, circulation, and profit were emphasized. It was observed that, as a matter of fact, the concepts such as production and labor were come up for discussion with modern schools of economics.

In this context, it was stated that discussions about modern economics started with Adam Smith, but it was indicated that his philosophical foundations started to be laid with Foucault. It was stated that this movement started to be evaluated through a richer framework with the approaches of thinkers such as Ricardo and Malthus, while the concept of wealth was evaluated with the concepts of labor and production; and it was emphasized that sociology has an effect on economic principles.

It was stated that, in later periods, mercantilism and physiocracy started to be adopted. When evaluated in terms of labor, it was emphasized that the price has become sticky with its effect on the cost. On the other hand, adding the things carried out to accord economics with social realities, it was understood that the labor market was opened to discussion more effectively.

In the following sections of the study, the perspectives of the thinkers about the concept of labor began to be reflected. According to Adam Smith, labor expresses a value sufficient to obtain the amount necessary to make a living, while Ricardo accepts this as the beginning of all value. This information was very important in terms of the current study. As a matter of fact, it shows that labor has become more and more important by theorists over time. Thus, it was indicated that labor should be represented

economically, and the unions were provided to emerge. It was also stated that labor acts in an organized manner. In this respect, it was understood that to analyze the behavior of this organization, economics should contact management and organization together with behavioral sciences.

It was stated that, thus, the concept of the organic society of the German Historical school started to give its place to the mechanical society in the theory of classical economics. However, when evaluated within its historical development, it was stated that the increase in the population more than the land can give may cause poverty; besides, mercantilist and physiocrat views were also effective in this period. Thus, with the understanding that other societies must be exploited economically for the economic well-being of society, the foundations of capitalism were laid.

In the conclusion part of the study, the opinions of both Ricardo and Smith were summarized and its effects on Foucault's philosophy were discussed. As a result, accordingly, it was stated that the economy is a philosophy of labor. Therefore, it was understood that the current study should be considered in more detail to evaluate Foucault's opinions on the labor market. When evaluated in terms of regional economic policies, since it was seen that a land-based economic perspective should be evaluated as a result of the limitations related to the supply of land, it was emphasized that this will cause the economic structure to be based unbalanced.

Another study examining the schools of economics was carried out by Sariçoban (2012: 157). This research was carried out to examine the basic principles and representatives of the Austrian school of economics.

In the introduction part of the study, information about the introduction of the concept of school to the economic literature was presented. In this regard, it was stated that the schools emerged due to the fact that the economists who defended a particular view clustered at certain universities. This information was important for the current study in terms of explaining the emergence of the schools of economics. It was stated that, in terms of schools obtained by expressing certain opinions together and presenting them in support of each other, to find the field of application, historical conditions should also help them. It was emphasized that, as an example, in the domination of the Keynes philosophy, the Great Depression in 1929 was effective.

It was stated that the schools that emerged within this scope were classified as orthodox and heterodox. It was explained that the first of these had dominated and the views opposing this were defined as heterodox.

In the second part of the article, after the general information about the development of modern schools of economics was introduced, the emergence of the Austrian school takes part. It was stated here that this school occurred as a result of Menger's views. It was reported that, in the years when this school emerged, the German Historical School was dominant, and strident debates took place with the emergence of this approach. Contrary to the sociological basis of the historical school, this school believed that a better economic structure could be created by focusing on entrepreneurship, subjective values and market concepts. In this context, it developed many concepts on the concepts of capital and time. Among them, concepts that were developed by this school such as marginal utility, time preference, and opportunity cost were mentioned. It was stated that, unlike the sociological approaches of the Germans, this school approaches the final utility individually. It was added that, thus, this school was also called the Austrian Psychological School.

In the second part of the study, representatives of this school were discussed and their economic views were tried to be reflected. First, Menger was examined. This person's study of the fundamentals of economics did not attract much attention when it was first published and his value and price theories did not gain acceptance. According to Menger, value is defined as the ability to meet consumer desires, while classical economists define it as the response resulting from production activities. Thus, a product with no economic value should not be subject to trade and therefore, it should not be produced. In the economics literature, it made the biggest contribution by defining the factors of production as high-level goods. As the importance of production factors increases with this concept, this information is very important in terms of the current study. In this way, since nothing can be obtained by subtracting this factor from the processes in order to understand the value of the labor market, the necessity of protecting labor emerges.

In the study, as another representative of this school, Böhm-Bawerk was examined. This theoretician enabled Menger's views to gain popularity and provided the

concept of the rate of time preference to enter the literature of economics. Accordingly, the available opportunities are more valuable than those possible to gain in the future. Thus, the value of goods likely to be obtained in the future should be less than the ones available at present. Departing from this view, it was recommended that people should be rewarded with the interest, as they save their money rather than spending it. In this way, capitalism provided verification of the concepts of cost of capital and time value of money.

Again, another representative, Friedrich von Wieser, while supporting Menger's views, brought criticism that production factors may be more valuable than they are. This theorist brought economic literature concepts such as marginal utility, opportunity cost, and economic planning. It was stated that another defender of this school is Mises. This theorist put forward an opinion he developed and called Praxeology, that all the behaviors of people, including the economy, are related to each other. He argued that in the emergence of human behavior, all the features he/she has are effective.

Another representative of this school is Schumpeter. According to this theorist, for the emergence of economics, the concepts developed with the practices of economic actors must match. This thought highlights entrepreneurship. As a matter of fact, the failure to make new initiatives is deemed as the reason for the deterioration of the economic balance.

Hayek, a philosopher who made great contributions in terms of method, was also examined in the study. According to Hayek, the supply of money is the biggest factor for the fluctuations of the markets. It creates the perception that things don't work out. He argues that the reflation will lead the entrepreneur to non-profitable investments and that if this is not paid, economic conditions will become worse. This finding was very important for the current study. Significant information to prevent economic crises was obtained.

Later in the research, the views and methodological principles of this school were discussed. The first of them was subjectivism. It was seen that this concept was defined as the use of individual preferences in determining the value of goods. However, the important thing about this concept is that it replaced the labor-value spiral

of classical economists with the concept of marginal utility, along with the utility-value spiral.

The second method, on the other hand, was methodological individualism. This approach, as stated in previous studies, was interpreted as, to understand the economic structure, the individual must first be analyzed. The third method was stated as the importance of information and time, unexpected situations, and unintended consequences. These concepts, on the other hand, were interpreted as the unpredictable reactions caused by the effects of individuals on the economic structure.

This study, as a result, conveyed important information about the historical development, representatives, and views of the Austrian school. Evaluating in terms of the current study, this information was planned to be used to reflect the views of this school and to explain the opinions of the representatives of the theoretical infrastructure related to this school about labor and crisis.

Another study on the economic history was carried out by Özel (2001: 19). In this study, economic analyzes were analyzed historically and how to approach this issue was discussed.

In the introduction part of the study, an introduction was made with discussions about whether an economic theory can be created in economics that can be applied to all situations. In this context, it was stated that the theories interpreted as old-fashion were the starting point of the currently accepted theories. It was stated that, thus, the historical development related to theories has begun to be ignored and it can be more accurate to compare them methodologically. In this context, it was deemed appropriate to consider the scientific movement that started with Schumpeter in the context of Classical-Marxist and Neo-classical schools of thought.

In the second part of the research, information about the history of economic analysis was presented. In this context, the debates between relativity and absolutism were first discussed. In the study, it was stated that theorists who claim to be absolutist argue that a single economic analysis can be revealed by analytical methods, and that the economy should be based on analyzing human behavior, and that relativity can actually help in this regard. Thus, the positivism proposed by absolutism and social elements that relativity accepts should be evaluated together. When evaluated

historically, while relativity seems to be beginning to gain value with current movements in the philosophy of science, positivist analysis, which includes absolute assertions, about the elimination of errors that may arise in decision making, should also be made. The debate is becoming a multidirectional use of the tools of positivism to persuade and direct the social aspect.

In this respect, firstly, the historical materialism view put forward by Marx was examined. The study states that this view should be evaluated as that economic factors shape social factors. Again, according to the points stated by the study, the second assumption of this view is that the existence of individuals does not make sense in the economic system, however, sociology can have a say in the economic system. Thus, a structure from individualism to socialism is exhibited. The third assumption was that the conflicts between the parties that form the production ability of the societies enable the social life to take shape. It was understood that the economic structure will shape the ideological structure by combining these assumptions.

As a second approach, Schumpeter's views were included. According to Schumpeter's approach, starting research from previous discussions rather than starting from scratch had more positive results. This view constitutes Schumpeter's pre-analytical vision approach. To perform this, all previous information about the components of the problem needs to be compiled. Thus, it is possible to find out whether the existence of the problem was caused by the method of analysis. Besides, since evaluations will be made within the vision, it was ensured that the inferences about the social aspect of the work are not ignored. However, the factors that make up the economic life do not only affect each other. On the contrary, they are also affected by each other. Thus, the necessity of multifaceted thinking about causality is emphasized.

It was seen that the double hermeneutic theory put forward by Giddens has also been studied in the study. Accordingly, the theories put forward in social conditions tend to continue their existence even if the conditions disappeared historically. It was stated that, thus, the theories called old-fashioned can be effective in shaping the current ones. For this reason, it was stated that not only the definition of the situation was aimed in the development of economic theories, but also the shaping of the society. As a result,

it was understood that these methods should not be considered as only the issues that are used to get analytical results.

In the next part of the study, the subject of regularity was examined in the history of economic analysis. In this context, discussions about whether it is suitable for issues such as internal consistency, line of reasoning, compliance with empirical data and external consistency were touched on. As a result, it was seen that discussions about whether the methods used in the science of economic analysis form a cumulative knowledge were examined.

In the second part of the study, on the other hand, it was observed that Marxist-Classical thought and Neo-classical thought were examined. In this context, firstly, the discussions about whether it is necessary to classify the schools of economics were mentioned. Although they generally have contradictory aspects, these schools were claimed to be classified as they were similar in terms of the line of reasoning. When the views of these schools are examined, it was observed that Marxist-Classical schools generally have a more positivist perspective and they pay more attention to the qualitative analytical analysis. Neo-classical schools, on the other hand, display a more relative structure considering the individual.

In the conclusion part of the study, a table providing basic information about these two approaches was presented. According to the table, while it was seen that classical theories focus on capital formation, it was observed that the neo-classical approach is more concerned with issues related to resource allocation. Those who adopt the neo-classical approach focus on marginal utility, while classical schools focus on profit improvement.

This study contains important information for the current study. It contains information that can make significant contributions in the preparation of the theoretical background of the current study, particularly regarding the explanation of the disintegration of schools from each other in terms of method. It was aimed to use these issues in the relevant sections.

Another study in which this issue was discussed very effectively was conducted by Ülgener (1976: 1), who is considered one of the doyens in Turkey in economic theory. Ülgener starts his work with the experiences and statements of Röpke,

who fled Nazi persecution and made important contributions in the economic field in Turkey. Accordingly, science should not be subjected to a classification for bourgeois or people.

Besides, also the opinions that science cannot be accepted nationally and that society cannot progress with the constraints of scientists were mentioned. However, it is claimed that the events that Röpke experienced in shaping the world of ideas also had an effect.

The article continues with an opinion that science should not be handled in a bourgeoisie, which should be handled by a privileged class. It claims that this will affect science and that ideology will affect the development of society by influencing science. It was claimed that the science shaped through ideology will become a propaganda instrument and become a method used to fool the society.

In the sections where the parts related to economics education was examined, it was claimed that this will reveal scientists who constantly strive to show themselves close to ideology in order not to lose their privileges and that this will cause the downgrading of society by shaping the science through customs and traditions. It was stated that, thus, the differences of all educated or uneducated members of the society will be smoothed and become uniform. As the differences begin to beyond endurance, it is possible for the society to isolate itself from international developments and that backwardness affects all kinds of social life.

Departing from all these matters, it was stated that the fact that social sciences isolate itself from society and turn to vicious debates in their inner world, rather than talking about the realities of society, does not provide any benefit for the development of science. It was stated that scientific research methods should be revised by referring to Schumpeter's search for vision.

In the remaining sections of the study, the discussions made in the context of schools of economics were mentioned very extensively. In this context, the views of schools and their representatives as methods and languages were carried out with examples. In addition, similar and different aspects of schools were examined comparatively.

As a result, it was stated that the Orthodox thought of economics started to take the place of the neo-classical thought, however, it was emphasized that discussing the concepts of relativism of neo-classical schools through dominant ideology will benefit neither science nor society.

This study contains very important information in terms of the current study. Significant information was obtained about the explanation of the starting points of the schools of economics, revealing similar and different points in their views, and finally revealing the vision of the future of economics. It can be seen that this study, which is thought to be published on an old-date, can be used even in explaining current events. This information was planned to be used in the relevant parts of the current study.

Again, a study that examines the Chicago school for understanding the structure of the schools of economics was carried out by Yay (2001: 196). This study discusses monetarism within the framework of Friedman's views.

In the introduction part of the study, the subject was broached by including the theoretical debates that emerged as a result of the Great Depression, which is called the years of high theory. In this context, the years 1930-1970, when the Keynesian view was dominant, were mentioned. It was stated that this approach later started to be called Neoclassical-Keynesian Synthesis. It was underlined that, with the increased risk of stagflation in these years, Keynesian theories were unable to resolve this trouble and this led to the emergence of the Friedman-led Chicago school. It was emphasized that, thus, Keynesian policies and monetarist policies began to clash.

It was stated that the Chicago school defends monetarism with economists who were affected by Friedman's views. Monetarism is opposed to market movements by policy-makers, as they interfere with the economic balance through interventions to maintain their power.

In the second part of the study, Friedman's intellectual structure and the Chicago school were discussed. It was stated that Friedman had a cumulative intellectual accumulation and combined the useful parts of the views of the previous economists. It was stated that these views affect some economists and this is the basis of the Chicago school. The methods put forward by this school form the basis of issues such as portfolio analysis and quantity theory today. With the implementation of these

views, money is deemed as a problem and even if the value of money remains constant, governments need to intervene to keep the economy in balance as a result of banking activities.

In response to the principle of liberty of Keynesian theories, the representatives of the Chicago school consider monetarism necessary to struggle with high unemployment and deflation. The representatives of this school put more effort into the econometric analysis and especially the empirical content of the studies and the ideas put forward with the influence of the statistics lessons taken by Friedman from Schultz increased continuously. In this respect, it was understood that Chicago school has a more positivist approach.

Although they have views to intervene in the market with monetarism, it was stated that the first of the three basic features that distinguish Chicago schools from other schools is to defend classical liberalism. This information indicates that the Chicago school does not have an Orthodox structure. The second distinguishing feature was that the representatives of this school bring criticisms to this, as Keynesian theories ignore the quantity theory. They state that the liberal policies of Keynes do not match the daily economic life. The last distinguishing feature was that in economic situations, governments should be decisive with their role as arbitrators. Since these opinions also cause differences between the representatives of the Chicago school, it is stated that they were divided into two parts as the first and second generation.

In the third part of the study, Friedman's contributions were discussed. When the ideas put forward within this scope are examined, it was emphasized that Friedman could make economics objective as a positivist science. However, it was added that for this, he argues that normative cases should not be ignored completely and that economic decisions should be made with the evaluation of positivist outcomes together with normative findings.

In the later parts of the research, the contributions of Friedman were mentioned together with analytical methods. Besides, his views on economic policies were given over normative economics. These include the ideas that external factors are effective rather than internal ones in the deterioration of economic balances and that the reason for the impact of economic policies is generally carried out by the public sector. In

addition, it was stated that the implementation of free market does not mean that the state cannot intervene in the markets, moreover, public interventions can be made at the prices if necessary.

In the conclusion part of the study, it was mentioned that Friedman's views were effective in shaping today's economy. This study provides significant information to reveal, in a private sense, the views of Friedman and, in a general manner, the views of the Chicago School. In the relevant parts of the current study, it was planned to make use of the information here.

Another study that directly deals with labor markets in the context of schools of economics was carried out by Saripek and Kesici (2010: 17). This study discusses the New Keynesian economics and labor markets. In the introduction part of the study, the clash points of Orthodox and Keynesian schools were mentioned. It was stated that the schools of economics have emerged as a result of the following difference of opinion: The Orthodox view defends the idea that the least state is the best state in the markets, while the Keynesian policies defends that state intervention is necessary. It is stated that Keynesian policies changed due to being ineffective in both rational policies, the Chicago school and the fight against stagflation.

All these developments led to the emergence of the new classical thought and made it both positivist and normative. In this context, two basic starting points were determined. The first of them was the fact that individuals make their investment and spending decisions according to real sector data has a role in the fact that markets to keep themselves in balance. The second was that individuals exhibit a stable stance by not making systematic errors within rational expectations. When evaluated for today's societies, these two concepts are seen as the characteristics of developed societies. Thus, it means that the economy will constantly keep itself in equilibrium.

When evaluated in terms of labor markets, since it was assumed that the balance in the markets will be provided by wage, it was stated that the market will be balanced rapidly. However, since wages do not change as quickly as the markets, it was stated that there may be a constant imbalance in the markets.

In the next part of the study, rational expectations hypothesis was discussed. The basis of this hypothesis lies in the view that prices and wages arise as a result of

systematic processes. It was argued that to realize this, examining only the current period will raise false expectations and that this should be revealed periodically, in a way that shapes expectations backward.

Since it was envisaged that the rise in prices may create an expectation such as an increase in wages, the task of governments is to ensure the growth of the economic system in a stable process. Thus, when the future predictions cannot provide exactly the right information, this is considered probable when evaluated in terms of both lack of information and externalities and this can cause imbalances in the markets. At the same time, it was emphasized that long-term labor contracts can negatively affect employees according to market conditions.

Another hypothesis discussed in the study was the aggregate supply hypothesis. This view was built on two bases. The first of these was the fact that the rational decisions made by the labor market and the employer were optimized for them. The second was that the supply of labor and outputs should be based on relative wages. When these opinions were examined, the first requires a joint agreement to be established to create a working environment. In the second opinion, on the other hand, it was mentioned about the standardization.

In this context, various discussions of the employees' different approaches to the labor were included. The first was that the supply of labor is proportional to the current real wage. Accordingly, when the current real wage is more than the expected real wage, employees will tend to work harder to save more time in the future. In the contrary case, since the current real wage will remain lower than the expected real wage, employees can work in an approach such as working less and making more free time for themselves. However, regarding the wage increase, considering that the wage increase is permanent, it was stated that the supply of labor does not increase; whereas, considering that the wage increase is temporary, it was stated that the increase in labor supply has become continuous. It was observed that this situation was the same for companies. It was stated that when they see an increase in the supply of labor, regulations are made to increase wages temporarily or that arrangements were made to increase the temporary wage increases to increase the supply of labor.

In the second part of the study, the New Keynesian economics was discussed. According to this view, the reason for the fluctuations in the economy is shaped by the fluctuations over the aggregate nominal demand. Although this view tries to explain aspects that other theories have difficulty in explaining, it was stated that this view does not include flexibility in the labor market due to deficiencies in information and competition like others.

Stating that some situations related to the labor market are effective in this situation, the subject was examined under titles such as nominal rigidities, long-term employment contracts, issue of trust, transaction costs, real rigidities, lack of coordination and hysteresis effect and unemployment.

In the conclusion part of the study, it was shown that this view is generally accepted by economists but the hypothesis that the markets will balance itself constantly causes negative situations for the labor market. This study provides significant information in terms of establishing the theoretical background of labor markets and explaining the approach of the schools of economics to labor markets. Therefore, it was planned to benefit from the relevant parts.

Again, another study addressing the structure of Post-Keynesian economics in the context of economic crises was carried out by Üzar (2017: 281). This study includes a comparison between mainstream economics and Post-Keynesian economics in the context of the 2008 crisis.

Starting with an assessment on the fact that the 2008 global economic crisis affected all countries negatively, and that it was evaluated as the most important economic crisis after the 1929 Great Economic Depression, the introduction part of the study claims that the schools of economics and their views should be structured on a solid basis in the context of difficult conditions that cause crises to be experienced. It was stated that economic crises that allegedly impossible to explain with orthodox theories led to the emergence of the opinion that heterodox theories started to prove their validity once again. According to the study, the main reason for the economic crises is due to the excessive debiting of households. Again, the study states that the situations that reveal this reason should be examined.

In the second part of the study, mainstream economic theories were examined. Firstly, it was stated that it is difficult to classify the theories that can be described as mainstream and it is claimed that theories accepted as orthodox can be evaluated within this scope. It was stated that theories such as marginalist, neo-classical, monetarist, Keynesian, Post-Keynesian, neoclassical and neoclassical real business cycle can be dealt with in this context. In the rest of the chapter, the aspects that these schools have difficulty in explaining due to economic developments such as the oil crisis and economic depression were mentioned.

In the third part of the research, mainstream economic schools were evaluated in the context of the 2008 crisis. Firstly, the crisis was defined with statistical data, and with the revealing of the effects of the crisis, the emergence of the crisis was discussed. The effects of the liquidity problem on the world countries with the reflections of the mortgage crisis emerging in the context of the USA to the financial markets were examined.

It was observed that, in the next section, the Post-Keynesian period and the parts of the Minsky financial instability hypothesis consistent with the crisis were examined. It was stated that, in this context, the Post-Keynesian movement was based on a monetary production economy instead of the real exchange theory. It was also observed that the theory of the historical time was discussed instead of the theory of logical time. Thus, when an economic decision is made about anything, this is considered to be an irrevocable decision. It was also stated that another of the views that this theory is based on is the principle of effective demand. Accordingly, production decisions operate independently of the investment and savings decisions of the household.

It was understood that, thus, the Post-Keynesian thought has an approach stating that governments should take an active role in regulating markets. However, in realizing this, it was expected that the social structure will also be taken into consideration and the views of capitalism on full employment will also be evaluated. As a result of these opinions, which means a form of society in some way, it was also requested that the state increase its activities on issues such as education, health, and social security. Accordingly, it was argued that the regulatory effect of the state towards

the prevention of economic crises should make the society and the economy constantly feel.

It was seen that, in the later parts of the study, the steps of the Minsky theory of business cycle were discussed. In this context, firstly, it was requested that financial capitalism evolve into monetary capitalism. The second step was to eliminate financial instability. In the third and last step, the issues of failing to meet the expectations of the markets as a result of long-term economic stability, and the occurrence of a crisis environment called the Minsky moment were listed.

According to this theory, those holding financial power in the economy have the right to cause or prevent an economic crisis. The second proposition was that constant stability activates the inner dynamics and somehow destabilizes the stability. All these said issues are true for the emergence of economic crises. An environment where labor gets in return for and economic stability continues means that the classes get closer socially, and this situation is undesirable by the capital owners. It was also understood that economic crises will continue when it is observed that those who have money in crisis environments can get what they want to buy at prices well below their cost.

In the remaining part of the study, information was provided on how the 2008 crisis occurred in stages and its effects were examined. When an analysis was made on Minsky's theory, first of all, when the capital sees that the desired rates cannot be achieved as a result of the stability, it reduces the money supply. Subsequently, the effects of liquidity shortage on all household expenditures are seen and indebtedness increases. When a default occurs, it means that the economic crisis has already arisen.

As a result, either mainstream theories or Post-Keynesian theories cannot prevent the emergence of economic crises. All the statements made were performed in the form of revealing the causes of the crises or characterizing the forms of occurrence, rather than focusing on the prevention of crises. Therefore, for the steady development of economic balances both socially and globally, it was understood that arrangements should be made in a way to decrease the expectations of the capital owners.

This study provides significant information on both the revealing of the theoretical background related to the concept of the economic crisis and the

determination of the approaches of the schools of economics towards this undesired situation. This information was considered to be used in the writing of the relevant sections. It was seen that a similar study was carried out by Doruk and Şahintürk (2010: 1). In this study, the evaluation of the Minsky fragility hypothesis with a Post-Keynesian school of economics perspective was performed via the case of the 2008 crisis. In this study, it was seen that there is a useful visual about the classification of the schools of economics. It was thought that this image can be used in the writing of the relevant part.

Another study again on economic history was carried out by Güngör (2014: 1). In the introduction part of the study, which focuses on the evolution of the theory of economics in the period from Mercantilism until today, information about historical development was presented. In this context, it was stated that the understanding of modern economics started to settle with Adam Smith's "The Wealth of Nations" (1776); however, additions were also made that nations made many improvements in the name of the economy but that there were insufficient information and documentation about them.

In the first part of the study, it starts with the distinction between Orthodox and Heterodox economics. Orthodox economics, also known as the mainstream economics, departing from the assumption that resources are limited, wants are unlimited, was defined as the economic current that comments on issues such as property sharing, increase in national income, and ensuring economic stability. Heterodox economics, on the other hand, is an approach that states that economics should be handled as a science that requires interaction with other sciences, especially sociology. While orthodox economics has a more positivist structure, it was observed that heterodox economics is more normative.

In response to the view including the fact that the evaluation of economics along with ideology will prevent the development of society to be close to the dominant ideology; it was stated that the economy can develop with the sacrifice, especially the labor of the individual and that the debate that this can only take place with ideology is constantly experienced.

In the next part of the research, on the other hand, mercantilism was discussed. It was stated that mercantilism is the basis of physiocracy and transforms the medieval thought that it dominates and that foreign trade surplus is the basis of mercantilism. It was summarized as a period based on foreign trade in the desire to have precious metals in the national state principle.

In the following section, physiocracy was discussed. It was explained that the most important feature of this period, which has philosophical bases, is that markets will find their own balance, just as nature does, and no intervention will be required. It was stated that this is a land-based view, and by stating that very heavy taxes were excised in France of the period, this movement also triggered the French Revolution.

It was seen that, in the next part of the study, classical economics was examined. It was stated that, as a supply-based theory, it pays attention to individualism, it argues that the influence of the state on the economy should be limited. It was stated that the supporters of this view describe the budget surplus as a negative situation as well as the budget deficit. Since it is an individualistic approach, they have shown a perspective that puts labor on the basis of the economy. This information is very important for the current study. It can be used to explain the approach of classical schools of economics to the labor market.

It was stated that the representatives of this view set monetary policies as the basic economic policy and that, at the end of the fluctuations, the market will find its balance. With referring Adam Smith's book named *The Wealth of Nations*, it is assumed that, for this to happen, individuals will keep their capital constantly in the markets for the development of the economic system in the country.

In this context, the state is given duties such as providing the protection from external attacks, securing justice in society, and making investments that individuals cannot carry out alone but will be for the benefit of the society.

Information about Say, one of the leading theorists of this view, was also provided. Accordingly, the concepts known as the law of markets and Say's law were mentioned. According to Say, every commodity finds its value in money and all the savings will be brought back to the economy one day.

As another theorist of this school, Ricardo's views were also included. The Law of Comparative Advantage attributed to Ricardo was mentioned. Accordingly, there is a competitive advantage in the production of some products for nations, and nations are required to import products not having any competitive advantage. After this view was effective, liberalism began to further determine global economic policies.

Another representative of this school is referred to as Malthus. It was stated that the most important view is the principle of population. Accordingly, since the rapid increase of the world population compared to the world resources will cause scarcity, the population needs to be controlled.

Next part of the study mentions about the Neo-Classical theory. It was seen that classical economic theory continued to be effective until the 19th century, but these theories started to be criticized with the following developments. It was stated that the Neo-Classical movement was created by Marshall. It claims that the complete separation of classical economic theory from other disciplines led to Orthodox theories and that this is a phenomenon that cannot be isolated from other sciences. In the next section of the study, which states that time is at the core of economic problems, the Keynesian economic theories were discussed.

It was stated that, since the classical economic theories remained incapable to explain the situation experienced after the economic crisis called the Great Depression, Keynes's views started to be accepted. In this context, it was stated that the economy should be restructured on a demand-based structure.

Among the basic assumptions of this thought, the view that fluctuations in the economy can be eliminated by adjustments made with a macro perspective takes place. This situation was implemented in the form that governments should make regulations on the economy. Another assumption, on the other hand, is that everything should be evaluated for short and medium terms. According to this assumption, since everyone will be dead in the long term, short-term moves should be made instead of long-term plans. Besides, the perspective of this theory was focused on effective demand with employment, which is the topic of the current study. Although this situation reveals concerns about occupational safety, it means that people can be employed if they are productive. At the same time, to realize full employment, an increase in aggregate

demand should be realized. This, on the other hand, means the balancing of savings and the promotion of expenditure. It was advocated that, thus, economic balance can be achieved as a result of balancing savings with investments.

In the following sections of the study, it was observed that the Philips curve and the thought of the interventionist state were explained. In the next section, modern economic theories were discussed. In this context, monetarism was examined first. According to this idea put forward by Brunner, monetary policy determines economic policy. It was stated that, although it was proposed by Brunner, it was built on Friedman's views. This inflation-based view is based on the assumption that governments' unnecessary supply of money negatively affects the balances in prices. It was emphasized that especially the supply of money which is realized more than the national income drives the prices up.

The defenders of this view differ from classical economic theories in aspects such as insufficient quantity theory, the fact that it is not possible to continuously create full employment in the economy and this could lead to natural unemployment. However, following issues were stated: there is a relationship between the supply of money and nominal income, although there is no certainty between the views of monetarism; the supply of money has an impact lag on nominal income; this effect first occurred in production and later on production; short-term effects first reveal the effects on production. It was stated that, as a result, governments' moves on the economy will have devastating effects on the entire economic system, especially the price balances, and the state should relinquish from the economy.

Another issue among modern economic theories was addressed under the title of rational expectations theory. According to this theory, which is shown as a subtheory of monetarism under the influence of classical economics views, it was claimed that the economic behavior of people occurs rationally. It was stated that the reason for unemployment is a preference made by individuals in line with their own desires, as they see the wages offered to them as low. Therefore, the fact that people take an active role in the economic system or have preferred to wait is realized completely on expectations.

The public choice theory and constitutional economics, which were discussed within these theories, were also examined in the study. It was stated that with the increase of the share of the public sector in the economy after the Second World War, this view started to gain efficiency. According to this theory, which was developed based on the assumption that individuals make a choice among groups according to their political views and direct the economic system to make them privileged, the policy is used as a means of change in the economy.

In the later part of the study, issues related to supply-side economics and taxation were discussed. It was stated that taxes should be regulated in a way that positively affects the development of the economy, and that it will shift to countries with low tax burden, as it will be more difficult to gather production factors in regions with high tax burdens in the global environment.

In the next section, the structuralist approach was examined. Departing from the criticism that classical or other economic theories may be valid for the economies of developed countries, it was claimed that the economies of underdeveloped and developing countries can first stand against inflation by carrying out structural reforms. In this context, it was emphasized that countries can develop on the issues such as supply shortage in agriculture, imbalance of foreign trade, ensuring the monetary balance together with the financial balance, structuring and independence of economic institutions.

In the following parts of the study, institutional economics and social market economy theories were also included. It was stated that, for institutional economics, institutions should be well structured. Independence of central banks is an example of this situation. In the social market economy, on the other hand, it was summarized that the entrepreneurial aspects of individuals should be increased and encouraged.

In conclusion, this study provides important information for the study of economic history. It was thought that this information can be used to create the relevant parts of the current study. It was seen that an effective source was examined especially in determining the labor market, regional economic development, and anti-crisis policies of the economic theories.

Another study examining the issue in terms of competition was the study of Esen (2016: 17). The study summarizes the approaches to the concept of competition in the context of schools of economics. In this context, the concept of competition was first examined.

After describing the concept as an advantage race between the parties, firstly, the views of the classical economy school on competition were summarized. Accordingly, this was considered as an element that will ensure that the changing preferences of buyers and sellers are compatible with each other.

According to the Neo-Classical schools of economics, competition is considered as the factor that determines the structure of the market, beyond the concept that the classics see as the market process. In contrast, in the Austrian school, competition was described more individually as a core concept of the free market economy. Also, according to the Post-Keynesian approach, competition was described as a race of survival. In the Chicago school, however, the competition was defined as market conditions where the buyer faces endless demand. As a result, competition emerges as a concept that finds different responses in different schools.

This study was included in the literature review in terms of supporting the classification of the schools of economics, expressing the differentiation of schools' views, and showing the perspectives of these schools to labor markets, economic crises and regional development plans. In addition, a similar study on the subject was carried out by Barca and Esen (2010: 1308). Although it was shown as a study on expressing the perspectives of the schools of economics on barriers to entry, it was observed that it was carried out as a study examining the views of Harvard and Chicago schools on competition, in general. This study was planned to be used in the classification of schools of economics.

Another study, in which the views of important thinkers were discussed and is thought to make important contributions to the current study in terms of examining the views of the schools of economics to labor markets, was carried out by Genç and Çağlayan (2017: 667). The study, as the source of value in economic thought, considered labor.

In this context, it was observed that, firstly, the concepts and theorists that stand out with the historical development of economic theory were addressed. Thus, the concept of value was examined and it was emphasized that this is an issue that can be exchanged with another value.

In the later parts of the study, opinions of different theorists about value were introduced. In this context, Adam Smith's labor theory of value was first examined. Adam Smith, who had opinions that started with the book named "The Wealth of Nations" and continued for almost a century, in general, began to shape his views with the Industrial Revolution in England. According to this theory of him, human being has principles of behavior such as self-love, freedom, acting customarily, working, change, and feeling emotional intimacy.

In market conditions defined as an invisible hand, as long as individuals work to protect their interests and to gain new ones, they will also look after the interest of society. In this way, a division of labor occurs in society and the productivity of individuals increases. In the study, it was stated that Adam Smith did not benefit from the difference between the value of exchange, used to measure the value of a good, and the value of use. It was mentioned about the diamond water paradox that was put forward by John Law originally but thought to be developed by Adam Smith. Accordingly, although the water's value of use is high, its value of exchange value is low. But, as valid for every commodity, for a person being stranded in the desert, the value of water can become high enough to be exchanged with diamonds. Therefore, according to Adam Smith, the value of the goods must be explained based on marginal utility.

According to this theorist, for the value to be a measure of the amount of labor, the result obtained must belong entirely to the person who generated the labor. However, this understanding cannot find a response in modern societies. Therefore, the value of exchange of the commodity is determined by the command value rather than the effort spent. In the study, the command value was determined as the wage to be paid to the individual for his labor. In this context, it is stated that the value of exchange will not only be in return for labor but will be determined on wages, profits and prices. Thus, it was understood that the price could be the value of exchange.

Another theorist discussed in the study was David Ricardo. As opposed to Adam Smith, Ricardo states that the value of a good can be determined by the amount of effort spent on the production of that good. He supports these views of him with the statement of "if a good is not useful or does not make people happy, it lacks the value of exchange". Thus, according to Ricardo, for a good to be considered valuable, it must either be rare or great efforts must be made to obtain it. In his theory, Ricardo groups labor in two groups, indirect and direct. According to him, elements such as machinery and equipment are considered as indirect labor.

Another theorist was Jean-Baptiste Say. According to this theory, value is equivalent to utility. He focuses on, in return for the effort made to obtain a good, how much people benefit from this product or service. Departing from these views, it was argued that the value paid for one good may arise at an alternative cost, which means giving up another good. It was stated that this leads to discussions that those who provide the necessary capital for production earn money effortlessly, and thus, it is argued that the senior value theory was put forward by this theorist.

The next theorist discussed in the study was William Stanley Jevons. It was stated that this theorist established the school of economics known as marginalism. According to this thought, accepting labor as value is considered meaningless and it was emphasized that the main criterion of the value should be realized over benefit, as Say stated. It was stated that, thus, the determinant of labor in the production of goods is the expectations of utility of individuals.

The next theorist was Carl Menger. It was stated that this theorist was accepted as the founder of the Austrian school. While putting forward his theory of value, it was claimed that he suggests that aggregate and marginal utility should be examined together rather than focusing only on marginal utility, and that mathematical equation will be insufficient in revealing this. Thus, through diminishing marginal utility, he claims the law of demand that there will be a decrease in demand.

Another theorist considered in the scope of the research, on the other hand, was Karl Marx, who had many contributions to economic thought. According to Marx's approach, economy is a concept that has an impact on the regulation of social life and the best economic system can be achieved through capitalism. As per this

understanding, value is a process determined by the proprietor and nations with production capability must establish superiority to others. In this context, it was claimed that capital will get what it wants without caring about social processes and especially individuals. In the study, which states that this will result in the exploitation of labor that is defined as surplus value, it is claimed that, in order to meet human needs continuously by the economic system, the value of labor should be maintained in minimum conditions.

In the conclusion part of the study, it was stated that these opinions provide important contributions to define the concept of value. Considering that the theorists mentioned here have an impact on economic thought, it is believed that this study could be used to reveal the parts of the current study related to the value of labor.

Another study examining the effects of movements of economic thought on economic education within the years was carried out by Akkuzu and Alada (2014: 3). In this context, the historical development of the books of introduction to economics published in Turkey was presented with a literature review. The aim of adding the study to this literature review was to show that economic views can gain and lose value over the years. According to the research, the first books discussed show a more Orthodox structure, while the recent studies are closer to the contingency approach.

As a result of the evaluation of all these studies together, a comprehensive and detailed literature review was carried out on the following points: what are the schools of economics, and the classification of them; demonstration of their attitudes towards the labor market, and regional development; and the prevention of economic crises. However, to provide a better understanding of the issue, the studies discussing regional economic policies, labor market and anti-crisis policies were also evaluated and thus the theoretical background was strengthened. The next part of the literature review covers studies on regional economics.

2.1. Publications on the Regional Economic Policies

Regional differences in the development of countries lead to movements of migration towards the developed regions. Therefore, developmental differentials between regions cause the perception of social welfare to decrease. Besides, adverse situations such as the decrease in agricultural production due to the decrease in the rural population, and an increase in unemployment rates in cities are experienced. When the results of these reasons are examined, we have to deal with constantly growing problems such as the disgrace of family life and the increase in crime rates.

To have a fully balanced economic system that solves its structural problems allows individuals to develop a sense of citizenship by overlapping their goals more with the goals of the country and enables the country to move forward in all areas, including the diplomatic field. For all these reasons, a literature review was carried out to evaluate the studies on regional development and to reveal the studies that can be used in the writing of the relevant parts of the current study. The results of this study are as follows.

At first, the study of Arıcıoğlu (2011: 17), which examines the concept of space in economic theory to understand the importance of the concept of region, was investigated. It was stated that space is a concept that has been continuously ignored in the history of economic thought, but this affects economic activities in many aspects, including logistics costs.

When evaluated in terms of global economic developments, although the world almost completely removed trade boundaries thanks to globalization, considering the situation of the embargoed countries that have closed themselves to foreign trade, it was stated that the concept of space gains importance. To explain this situation, the examination of the concept of space through classical, regional science and new economic geography was provided.

When the concept of classical space is evaluated, it was seen that this is explained by the concepts of distance and areas of influence. While the distance increases transportation costs, the area of influence is shown as the symbol of the country's goods and therefore diplomatically global domination. To realize this, countries need to continuously develop foreign trade relations with each other and to make sustainable economic development evaluating the excess supply in the foreign

markets. In this context, the views of Thünen were conveyed within the context of location theory.

Accordingly, to reduce the transportation costs related to the products planned to be produced, it is needed to be located close to the market. Again in this context, Weber's least cost theory was also mentioned. It was stated that the cities in Germany made great progress as a result of this view. Thus, Thünen's rural development model evolves towards industrialization with Weber. Additionally, Lösch's view on the fact that industrial facilities should be structured outside the cities due to the negative effects of industrialization on urbanization was also expressed. Finally, the opinions of Christaller on the realization of development in the regions close to the market on a demand basis were also discussed. As a result, it was understood that those who adopt the classical approach meet on the common ground in delivering products to the market with the least cost.

When the issues about the regional unit that form the second section of the study are examined, it was seen that these were shaped by Isard's studies. According to this theorist, those who support the classical location theory were not able to notice both other social sciences and foreign trade-related realities. Accordingly, the determinant of the location is competition and it is the manufacturer's problem that transport costs for production are high or low.

It was seen that the last issue discussed on location within the scope of the research was the theory of new economic geography. Since diplomatic relations along with foreign trade include factors such as having a voice in the management of countries and elements such as ensuring geography domination, it was claimed that the location problem can be solved through international companies. In this context, the studies of Fujita were frequently mentioned. According to this theorist, countries are categorized into two groups: the center and the periphery countries. Making production in the periphery countries thanks to diplomacy, the center countries solve issues such as tax disadvantages and distance to raw material resources. It was stated that this keeps some countries constantly developed, while some countries remain as the backyard of others. It was stated that the center can use its capital trump at any time in the regulation of

environmental relations with the center, and it was evaluated that this may pose a threat to developing and underdeveloped countries.

When evaluating the views of the study on regional development, it was emphasized that the quality of the labor force is assumed to be the same, and that this may pose a problem in terms of competitive advantages, especially quality.

As a result, when all these discussions are evaluated together, it was understood that the presence of regional development differences between the countries and within the country is effective in the location of economic factors, especially in the industry. As industrialization provides the development and social opportunities together, it was envisaged that it will be more favorable to locate in developed regions and countries in terms of the labor market and that this will result in the implementation of different policies on wages regionally. It was planned to benefit from this study, which provides significant information to explain regional economic policies through the concept of space, in the relevant parts of the current study. Again, it was thought that the study conducted by Göker and Akyol (2014: 57) regarding the concept of space can be used to explain the relationship between both regional policies and the labor market. It was stated that this study focuses on the concept of spatialization.

Another study that enables the issue to be handled with regional differences and the women's employment in the labor market was carried out by Alkan and Alkan (2018: 33). In this study, the regional change in women's employment in Turkey was discussed.

The research, departing from the differences in regional development levels in Turkey, questions the reasons for them in general terms. In the study stating that Marmara and Aegean Region together with Thrace create more job opportunities in foreign trade and national economic systems, it is stated that women's employment differs distinctively in the Black Sea region. When evaluated in terms of the starting points of regional development differences, it was underlined that industrialization, urbanization, migration and the abundance of social opportunities are effective at the regional development levels in Turkey. When evaluated in terms of labor market and regional development, it was understood that employment in these regions is high. As it was planned to benefit from this study in terms of explaining the reasons for regional

development and supporting the empirical evaluation of the situation; it was found appropriate to include this study in the literature review.

A study examining the development agencies, which are organizations that make important contributions in terms of regional development, was carried out by Akiş (2011: 237). In the introduction part of the study, it was mentioned that globalization determines the global economic business cycle as the central and peripheral countries, as Fujita mentioned; moreover, the importance of development agencies that make significant contributions to achieve regional and national development by effectively using scarce resources in developing and underdeveloped countries was stated.

In the later parts of the study, it was stated that as a result of the Great Depression, the countries started to make efforts to increase the efficiency of the resources in the economy and that developmental differences between regions have become a problem for all. It was stated that, in this context, they established organizations such as IMF, World Bank, and even in military terms, NATO, to overcome the problems experienced by the world public opinion. Thus, it is aimed to eliminate development differentials in the world and to provide liberalization of the movement of capital.

When evaluated from a national perspective, it is thought that eliminating the development differentials within the country will be effective in eliminating the elements such as rural-urban migration. It is stated that, in this context, with the determination of the needs and strengths of the region, institutional support mechanisms were created to increase its place in the economic system.

In the later parts of the research, information about the legal status, duties, and responsibilities of development agencies in Turkey was conveyed. When the conclusion part is examined, it was stated that, as a supportive think-tank to enable countries to continually follow global economic developments and positively affect themselves at the local level, development agencies undertake important tasks. This study provides important information in terms of explaining both global and national development differentials and understanding the structure of the support mechanism, which can make important contributions to the solution of this problem. It was seen that there is

information that can be used in making suggestions in the conclusion part of the thesis by addressing this topic in the relevant parts of the current study.

Again, regarding development agencies, Tutar and Demiral (2007: 65) carried out a study examining the benefits of development agencies to local economies. In this context, it was stated that the first examples were started by Western countries and started to be implemented in Turkey over time. The later sections of the study provide information on what needs to be done to eliminate regional differentials and what causes them. Ending with the evaluation of the economic outputs of the activities performed by these organizations in their fields of activity, the study was aimed to be included in the literature review for supporting the recommendations of the current study on regional economic policies for development agencies.

Similarly, Tekin (2011: 1) conducted a study examining development agencies in the context of regional development within the framework of globalization. In this context, public policies implemented and the progress and duties of development agencies were examined. The reason for the inclusion of this study in the literature review was that it offers developmental criteria that can examine the views of the schools of economics related to development. Examining the titles obtained from here within the scope of the opinions of the theorists about the schools of economics is thought to make an important contribution to the current study.

On the other hand, in his study within the scope of his master's thesis, Kaya (2008: 1) addresses the issue of regional net financial implications in Turkey. It was observed that, in the theoretical part of the study, many concepts discussed in the current study were examined. In the introduction part, after emphasizing the elimination of regional development differences among the duties of the public, it was stated that the subject will be handled over the net financial implications.

In the later parts of the study, the concept of the region was explained and information about its types was introduced. It was observed that, in this context, the types were examined through the economic structure and development. Besides, it was seen that evaluations were made over the reasons for the regional development differentials and their results. In addition, it was seen that regional development policies were examined and the applications of the policies developed for the solution of the

problem were listed. After all of them, it was determined that the net financial implications were evaluated based on criteria such as education, health, economic and financial indicators, employment and population.

As a result, when the findings obtained are evaluated, it was claimed that regional development differentials can be determined through net financial implications. As it can be used to classify sections related to the development of regional economic policies, this study was included in the current literature review.

Dağdemir and Acaroğlu (2011: 39), on the other hand, carried out a study between 1990-2006, which provided to examine the regional income distribution in Turkey. In the study, an investigation was made over per capita income. In the theoretical parts of the qualitative study, factors related to the differentiation of regional development levels were mentioned. As a result, when the findings are evaluated, it was stated that there are regional differences in terms of income in Turkey and that policies towards its solution should be developed. This study, in terms of empirically revealing the impact of regional development levels on per capita income, provides important information for the current study. This information was planned to be used in the sections of the current study related to the explanation of the reasons and results of regional development differentials.

It was observed that entrepreneurship activities have effects on regional development. In this context, it was observed that Perktaş (2014: 472) conducted a study. In the research, opinions about supporting entrepreneurship for regional development policies were expressed. In this context, the necessity to develop policies for increasing and promoting entrepreneurship activities was emphasized. This study contains information that can be used in writing the parts of the current study related to presenting prospective recommendations in terms of regional economic policies. This information was planned to be used in writing the relevant sections.

Similar to this study, Paksoy and Aydoğdu (2010: 113) carried out a study examining the role of entrepreneurship on regional development. This study provided to examine the examples in the context of The South-eastern Anatolia Project (GAP). In the study, development policies implemented in Turkey were evaluated through the concept of region. In this context, it was observed that the projects were explained with

examples. In the following sections of the study, the importance of entrepreneurship for regional development was mentioned and the obstacles to entrepreneurship were listed. Then, the incentives provided to entrepreneurs within the scope of the GAP project and their stages were listed. As a result, by increasing the number of such projects in other regions, it was suggested that both entrepreneurship will increase and regional development will develop more balanced. This study was included in this literature review to be used in supporting the prospective recommendations of the current study.

In a study conducted in the same region, Aydın (2008: 304) examines regional development differentials via the example of Mardin province. It was seen that the study started with an explanation of the concept of region and continued with the introduction of the regions in Turkey. In the later sections, it was observed that the concept of regional imbalance was examined and that the effects of the economic system on social life were discussed. Then, it was seen that the economic situation in the private of Mardin province was evaluated and this was compared with developed regions. As a result, it was seen that the study was completed with the suggestions regarding the sectors in which the province can show economic development, especially agriculture. This study, as it contains information that can be used to support the propositions of the current study on regional economic policies, was included in this literature review.

It is also possible to come across studies that discuss the effectiveness of regional development policies. In this context, Sevinç (2011: 35) deals with the development policies implemented in Turkey. Countries need to be shaped in a balanced way so that their economic development can be used to keep social welfare perception high. It was stated that, thus, efforts should be made to reduce development differentials between regions.

The study first focuses on the concepts of region and development. It was thought that the definitions made in this context can be used in defining the concept of regional economic policies. In the later sections of the research, projects made for regional development were mentioned. In the conclusion part of the study, on the other hand, the following suggestions were made: field-specific projects need to be developed instead of central decision-making; financing of projects should be diversified and their number should be increased; and in the implementation of projects, rational

expectations should be emphasized instead of political choices. This study was included in this literature review for the purpose of explaining the concept of regional economic policies and supporting the recommendations to be revealed with the current study of the proposals presented in this context.

It was observed that the same subject was examined also by other researchers. In this context, with a more empirical study, Bakırcı, Ekinci, and Şahinoğlu (2014: 281), using data from 2007-2012, analyze the effectiveness of regional development policies in Turkey. In the study where the data envelopment method was used, as a result of the criteria used, it was seen that western provinces have a more effective structure compared to eastern provinces. In the study, it was observed that the economic structure of Turkey was explained to establish a conceptual framework regarding regional economic policies and that the development plans were summarized. It was envisaged that the findings of this study could be used to empirically support the recommendations for eliminating the imbalance in the current economic policies of the current study.

It was observed that there are also studies examining the effects of local governments on regional economic policies. In this context, Bilgin (2002: 313) examines the effects of local governments on development on the example of the Lakes region. Departing from the results of the survey conducted in the provinces of Isparta and Burdur, it was stated that local governments should be more effective in regional development. When evaluated in terms of conceptual framework, it was seen that the concept of regional development was also examined in this study. However, the main contribution of this study to the current study was thought to provide empirical findings about what should be done by local governments in terms of regional economic policies.

Another study addressing the development issue within the framework of tourism related to the Lakes region was carried out by Doğan and Yıldız (2007: 147). The study provides information on both the revealing of the tourism potential of the region theoretically and whether there will be a demand for it when an activity is carried out in this direction with an empirical questionnaire study. In the prospective suggestions section of the current study, it was planned to make suggestions on increasing sectoral diversity. It was envisaged that the findings of this study can be used to support this recommendation.

Again, it was observed that there were also studies examining the effects of export incentives related to regional economic policies. Ersungur and Noyan Yalman (2009: 81), through a survey study, carried out a study that examines the effects of export incentives on regional development in the example of Sivas province. It was observed that only frequency analyzes were performed in this study, as in the study of Bilgin (2002: 313). As a result, when the findings are evaluated, it was observed that those who are engaged in foreign trade in the province benefit extensively from the supports provided in exports. The use of this study in support of prospective proposals related to the labor market along with regional economic policies would be the greatest benefit for the current study.

Another study on development economics was carried out by Doğan (2011: 41). This study focuses on economic policies and its further effects in the 20th century.

In the introduction part of the study, the effects of economic discipline on social and economic life were mentioned. In this context, it was stated that economics should be supported with development. It was stated that countries focused on development especially after World War II.

The next parts of the research focus on the etymology of the concept of development. When the evaluations made within this scope are examined, it was understood that the concept is theorized by analyzing the current situation and by realizing a goal for the future.

In the following sections of the study, development was examined in a global context, the concepts of enhancing welfare, scale economy-based development and sustainability were examined. In this context, it was stated that there should be a transition between the central and peripheral countries on a global scale to increase welfare, with continuous development, social events are aimed to contribute to the development of society. Thus, it was stated that the individual will position his/her place in society with a positivist approach in more rational expectations, and economic factors, in this way, can be used more effectively.

In the conclusion part, it was stated that although it was emphasized that there is a gap among the peoples of the world due to the lack of understanding of the desired individual, these expectations for the future can be structured more effectively. Since it

allows the analysis of economic theorists' views on development, this study was included in the literature review. The information obtained here was considered to be used to support the views of the economic theorists on the regional economic policies of the current study.

A study on the transformation of development policies within the regional framework was carried out by Keskin and Sungur (2010: 1). In the study, an evaluation was made on the debates about, with globalization, whether centralization will be better, or regional development will be effective, within the framework of applications between 1963-2007. It was observed that the study first started with the definition and classification of the concept of region.

The next sections covered the effects of globalization on regional policies. In this context, examining the evaluations, it was stated that centralization is an opinion contrary to globalization and that it poses problems in issues related to the development and regional development differences. Therefore, in terms of regionalization, implementations such as strengthening local governments, the establishment of development agencies, and implementation of regional industry incentives were evaluated in Turkey. As a requirement of new regional development theories, although these issues are positively met theoretically, it was stated that there are difficulties in practice since the structural problems of the economy have not yet been eliminated despite incentives.

Since this study provides information about the converted states of regional economic policies into the existing practices, it was included in the literature review. It was planned to make use of this study in the relevant parts of the current study.

As development is a concept towards improving the living standards of individuals and raising the level of social welfare, it was thought that a study examining the human capital aspect of this will ensure that the current work is supported in terms of both the labor market and regional economic policies. In this context, it was thought that it would be appropriate to examine the study carried out by Şenkal (2008: 118). The study examines the relationship between human capital and development within the framework of Weber's views. Since it is a study in which the views of the classical school can be found, this study was included in the literature review.

The research first begins by listing the effects of social capital on development. In this context, it was stated that having a qualified and diverse social structure can trigger entrepreneurship. In the later parts of the study, it was stated that, based on Weber's observations, for customer traction, individuals tend to appear as a supporter of the dominant view in society, even if they are not. It was stated that, at the same time, the individual can make a sense in society and thus social capital is necessary for the continuation of the economic system.

In the remaining parts of the study, the findings of the studies examining the relationship between underdevelopment and human capital and the relationship between development and social capital were mentioned. Evaluating these findings, it was understood that social capital triggers development. Examining the discussions in the conclusion part, it was stated that Weber's sociological observations make the effect of human capital on development more pronounced. It was thought that this finding can be used in the current study in the writing of the sections where the classical economy school was discussed about the labor market and regional economic policies.

It is also possible to come across institutional publications in which the differences regarding regional development are revealed. TÜSİAD (*Turkish Industry & Business Association*) (2008: 1) conducted a study examining regional differences and policies in Turkey through Filiztekin. In this study, regional development theories, policies and regional differences were discussed. It was planned to utilize this study in writing the parts of the current study on regional economic policies.

Finally, Kumral (2008: 1) carried out a study discussing the elements that will provide an advantage in regional competition. In this context, it is considered that globalization causes the change of regional policies and regional policies should be developed to survive in competition. In the study, the importance of preferring the products with high added value in the implementation and development of regional economic policies was mentioned. In the prospective recommendations section of the current study, it was planned to use a statement such as "along with the increase of R&D investments, a structuring that will enable high value-added products to show up in global markets should be realized". It was thought that sufficient information to support this statement was reached in this study.

By scanning publications related to regional economic policies, it was seen that sufficient information was reached about what these policies are, the evaluation of the approach of economic schools to these policies, and the examination of its effects on the labor market. Besides, significant findings were obtained to write and support prospective recommendations sections on this subject in the current study.

2.2. Publications Related to Labor Market

In economic theory, labor is a concept that is constantly favored. Publications related to the labor market, one of the basic elements of the current study, were also searched. In this context, the findings obtained will be used in the current study to reflect the views of the schools of economics towards the labor market.

Firstly, it was seen that a study on vocational training centers that emerged as a result of the policies related to the labor market was carried out by Işıkkök (2011: 21). In the study, within the scope of struggle against unemployment, the history, duties, and responsibilities of vocational training centers were examined. This study was included in the literature review both to indicate the importance of full employment in terms of economy and to support such institutional support in the prospective recommendations section of the current study, such as continuing to provide the labor market. Similarly, based on the example of Bursa province, Işıkgi and Emirgil (2009: 213) addressed vocational training centers.

To understand the theoretical background of this concept and to examine the views of the schools of economics related to this field, the study carried out by Kök and Şimşek (2012: 1) was also received for consideration. Significant findings reflecting the views of the schools of economics related to the labor market were reached in the study based on the paradoxes of economics discipline. Bu kapsamda Keynezyen okulun emek piyasaları için uzun vadeli iş sözleşmelerinin ekonomik dalgalanmalardan çalışanların olumsuz etkilenebileceği görüşüne yer verilmektedir. On the other hand, the opinions of Adam Smith on the determination of the value determined for change through labor were also included. Besides, regarding the determination of wages, Newton's views of "since workers cannot have the same characteristics, they cannot, therefore, be paid equally" were also conveyed. In addition, the opinion of the Ricardo school that "the

labor market ensures the renewal of production factors (excluding land) by spending the wage it receives” was also added.

These findings are of great importance for the current study. As a matter of fact, it was thought that these findings will have great contributions in reflecting the views of the schools of economics about the labor market.

On the other hand, in labor markets, wages represent an important concept. It was thought that determining this by the principle of equality for regions will also make important contributions. In this context, Duruoğlu (2007: 61) carried out a study examining the gender-based wage discrimination in the organized industrial zone of Bursa. It was stated that the study was carried out by questioning the hypotheses about whether there is a relationship between gender and wage, whether women employees earn lower wages from men and even from minimum wages, and whether seniority causes an increase in the wages of women employees. As a result of the study, it was indicated that all these three hypotheses bear unfavorable consequences for women employees. This study was included in the literature review as it contains important information about implementation in terms of regional economic policies and labor market. This information is planned to be used to support the prospective recommendations of the current study regarding the issues of eliminating gender discrimination in wages and the greater integration of women in the economic system.

Again with a regional study, Kartal and Çoban (2018: 67) enabled the evaluation of the labor market through gender discrimination in the context of Kahramanmaraş. As a result of the survey conducted over 480 employees, it was stated that women have to do housework in their remaining time from work. It was reported that gender discrimination decreases day by day in the context of Kahramanmaraş and that there are positive developments regarding this issue. Compared to the findings of the previous study, this finding shows that positive results have started to be obtained. The prospective recommendations section of the current study on the elimination of gender discrimination was thought to be supported by these findings. It was observed that Dedeoğlu (2009: 41) carried out a similar study.

Uyanık (2008: 209), on the other hand, tries to explain the labor markets with a neo-liberal perspective within the framework of globalization. In this study, it was

stated that globalization affects labor markets fundamentally as it affects every area of life. It was stated that global developments related to job security have effects. It was stated that, in particular, along with wages and working hours, global developments in occupational safety have effects besides working conditions.

It was emphasized that with the increasing competition worldwide as a result of globalization, countries had to open themselves outward economically and that the local labor market was adversely affected by the entry of competitive goods into the markets. However, this seems to be an important contribution to the labor market of countries with competitive advantage.

Since the capital move liberally around the world as a result of neo-liberal policies, it was stated that production facilities were started to be established in regions where the labor market costs are low in order to reduce costs. As a result, it was claimed that the value of the labor market will constantly increase with the increase of knowledge and the quality of the labor market.

Since this study addresses labor markets within the framework of liberalism and globalization, it contains significant information to obtain the views of those who defend liberalism among the schools of economics. This information was planned to be used to support the recommendations of the current study on globalization. Besides, propositions that investment in information and technology is key to the global competition will be supported.

Again, a study discussing the issue of poverty resulting from the impact of the labor market with the effects arising in the context of globalization was carried out by Yüceol (2005: 493). The study that examines the negative effects of global competition on the labor market for countries with foreign trade deficits was thought to make great contributions to the current study. In this study, it was stated that the supply decreased as a result of the situations arising in the context of global competition and that this restricts the need for labor and causes unemployment and related poverty on the lower income group. It is underlined that, thus, the public has to concentrate on transfer payments and the share allocated for investments has decreased. Therefore, economic growth declines and economic instability occurs as a result of the decrease in labor demand. In the conclusion part of the study, it was stated that the quality of the labor

market should be increased to turn globalization into an advantage. These results are thought to be used to support the labor market propositions of the current study.

Bilen and Yumuşak (2008: 1) conducted a study compiling the views of Nobel prize-winning economist Becker on the labor market. This study was included in the literature review since significant information was shared in terms of the perspectives of economics schools on the labor market. It was stated that Becker benefited from the views of many economists who came before him in establishing the sociological and psychological foundations of his views. Thus, it becomes possible to reach the opinions of the schools of economics in the labor market.

It was seen that the research started with the presentation of information about Becker's life and educational background. In the later section, on the other hand, the contributions of this theorist to economic discipline were examined. In this context, it was emphasized that he stated that different disciplines such as sociology, psychology, criminology, and demography were effective on the basis of economics. It assumes that the individual will take place in society within the framework of his own interests and that this will result in the shaping of the labor market on sociological foundations, along with individual property. As per this utilitarian approach, it was defended that the individual talents should be expanded for the growth of the economy. This finding appears as a significant finding in terms of the current study. As a matter of fact, by this means, it was ensured to obtain the prevailing opinion of the economic discipline regarding the labor market. It was also thought that this finding can be used to support the propositions of the current study. As a result, when the findings obtained from the study are evaluated, it was understood that investments in human capital can save the future of economies.

It was observed that another study discussing the views of the schools of economics on the labor market was carried out by Şahin and Eren (2012: 255). It is found that the study examines the views of the Austrian school on the design of mechanics. In this context, discussions between Mises and Hayek and Lange were included. The reason for adding this study to the literature review is that the views of the Austrian school, which constitutes an important place among the schools of

economics, on the labor market were examined. It was also observed that the criticisms brought by Lange to the views of this school were also examined.

It was seen that, with the examination of the sections related to the labor market, Lange's views on the fact that neo-classical value theories should replace the classical Marxist theory of value were reflected in the study. Thus, it was understood that he interpreted the view of “the value will be labor”, adopted in the classical theory, as to be shaped based on marginal utility. In this context, as required by the free market conditions, individuals in the labor market should do whatever they want and strive to increase their gains in return. However, according to the same view, there is no free market for capital with the means of production other than labor. Thus, through the regulations, regulation of the market is provided.

The Austrian School, on the other hand, proposes the implementation of central decisions regarding production, while evaluating the market through perfect competition. Thus, it separates from the views of Lange about being static and dynamic. Lange's views suggest the static market, while the Austrian School argues that production decisions in the markets must be coordinated for a dynamic market to take place. Although it was seen that both views are based on reality within the contingency approach, it was considered that Lange's liberal market approach may lead to situations such as withdrawing money from the market through savings.

This study provided significant information for the current study. As a matter of fact, it was ensured to obtain the views of the Austrian School on the labor market. It was thought that this information can be used in writing the relevant sections.

It was seen that another study examining the state of the labor market in Turkey and the labor market theories was carried out by Ercan and Özar (2000: 22). It was determined that the study was structured as a literature review of the publications made in the labor market covering the last twenty years as of the year it was published. In this context, it was stated that the publications made in the light of the findings obtained contain epistemological violence. As a matter of fact, it was stated that the studies that deviate from the Orthodox economics were criticized intensely. It was emphasized that this is an inadmissible fact in terms of information science and that Orthodoxy, actually, harms the development of economics.

In the study that provides important information in terms of examining the views of the schools of economics the authors state that developing a theory about the labor market is difficult as a result of problems in structuring the market. In this context, it was added that the fact that capitalism makes labor a commodity like other production factors has an effect, too.

In the study, it was stated that the views of the representatives of the classical school on the labor market were evaluated from the most basic level, such as whether the person earns enough for his family's livelihood or is sufficient to sustain his race. On the contrary, it was understood that Neo-Classical schools, departing from the assumption that the labor market is a customer at the same time, accepted the labor market as an element that should be given more importance. It was understood that the perspectives of theorists in the following periods were more holistic and that they consider it as a direct impact on the economy such as unemployment, union rights, and poverty.

In the remaining part of the research, it was seen that global developments related to the labor market were evaluated and it was argued that by increasing the quality of the labor force, the perception of social welfare can be increased and the economy will gain sustainability. This study makes important contributions both in terms of obtaining the views of the schools of economics on the labor market and supporting the labor market proposals of the current study.

Again, in the study of Sapançalı (2007: 8) on the same subject, the problems and policies related to the labor market in Turkey were discussed. In terms of problems, evaluation is not made only on unemployment. It was stated that clandestine employment and informal employment also exist in Turkey. When the implemented policies are analyzed, it was seen that practices such as promoting women's employment and increasing the quality of the labor force were carried out. This study was planned to be used to support the perspective recommendations of the current study. It was determined that another similar study was done by Çondur and Bölükbaş (2014: 77). In the study, between 2000-2010, the structure of employment, youth unemployment and education were addressed through econometric analysis. Findings obtained from this study show that youth unemployment has causality over GDP and PPI. It was thought

that this finding can be used to support the views of the current study on the labor market.

It was seen that education is essential to increase the quality of the labor force. To achieve this, it is necessary to focus on education and training issues, especially higher education. However, a study, which concerns about higher education being devalued in the labor market due to current practices are voiced, was also encountered (Keskin Demirer (2016: 809)). In the conclusion part of the study, it was stated that having a higher education is not a favorable situation for the labor markets. The fact, on the one hand, while seeking qualified personnel, on the other hand, such a trend was stated, indicates that labor market actors should be informed more on the subject.

In this regard, studies examining the subject of compliance were also found. In the study that examines the harmony of Turkey regarding the European labor market and was carried out by Kesici (2011: 75), it was stated that there are problems related to the labor market both in Europe and in Turkey. When the reasons of the problems are examined, it was seen that neither Europe nor Turkey lean towards integration in the framework of globalization. It was considered that this finding can be used to support the views of the current study on integration.

Again, it was observed that a study examining wage policies of the countries of OECD, a globally active organization, via panel data analysis, was carried out by Çetin ve Bakırtaş (2014: 173). In this context, it was seen that an in-depth literature review was carried out over the wage. It was seen that the opinions of theorists on wages were reflected in a table. This provides information that can be used to analyze the views of theorists regarding the labor market.

It was seen that, similarly, another study evaluating the views of the New Keynesian approach on the labor market over wage rigidity was carried out by Saydam (2009: 239). Although it seems that Keynesian thoughts began to fall from grace due to the assumptions of “Keynesian economic views remain incapable in explaining such factors as stagflation”, it was thought that it would be appropriate to include it in this literature review as it caused wage rigidity with regulations. It was also seen that the New Keynesian school would be useful in obtaining its views on the labor market.

It was seen that the reason why this school separates from the others was the fact that, for determining wages, it evaluated the theory of value in two scopes: real and nominal. In addition, it was stated that the fact that the New Keynesian school addressed macroeconomic theories within the framework of rational expectations based on micro parameters should be examined separately. It was observed that the study reflects the views of the New Keynesian school on the one hand, and on the other hand, it was achieved by criticizing the views of the previous schools. In this respect, it makes significant contributions to the establishment of the theoretical background of the current study.

In his master's thesis study, Pehlivan (2011: 1) deals with employment in economic theory. In this context, it was seen that the views of the schools of economics on employment were examined. It can be seen that this can be used to create the theoretical background related to the labor market.

When the publications related to the labor market are examined together, it was seen that information about how these differ according to the schools of economics. At the same time, information was obtained on how this concept could be associated with concepts related to regional economic policies and the prevention of economic crises. Finally, empirical findings related to supporting propositions were found in the prospective recommendations section of the current study.

2.3. Studies on Anti-Crisis Policies

Economic crises had a great place in the economic literature as a result of the Great Depression in 1929. As a result of the unpleasant experiences, it was seen that many suggestions were offered for the continuation of the economic system. In this context, in the literature, the evaluation of the studies on economic crises was provided and the theorists' proposals developed to prevent economic crises were evaluated within the framework of the schools of economics under the labor market and regional economic policies.

While searching the studies in the literature, firstly, a study by Keskin (2018: 161) that examined the capital flow in the post-crisis periods was found. In this study, efforts to reduce the effects of the crisis in Turkey after the 2008 global economic crisis

were evaluated. The reason why the study was included in the literature review was that it provides information about the effects of the crises for the country's economies and it makes suggestions about what can be done about capital policies. It was aimed to evaluate this information in the writing of the relevant parts of the current study.

Again, the study of Beken (2016: 87), who investigated whether austerity policies, which are also one of the policies regarding the prevention of economic crises, prevent crises, was also examined. In the research, the effects of austerity policies on developing and underdeveloped countries as well as developed countries were evaluated. In this study, it was seen that Neo-liberal policies, which are effective in today's economic cycle, were also evaluated. In the light of the opinions here, it was seen that the views of the neo-liberal school in terms of the labor market and regional economic policies were also evaluated. It was envisaged that these parts can be used in the structuring of the relevant sections of the current study.

It was thought that the study of Akyol (2017: 61) examining the regional effects of the crises should be included in this literature review. This study examines the 2008 crisis in the context of the Balkan countries and its impact on financial policies. Again, thanks to this study that provides neo-liberal views, the regional effects of the crisis and its effects on economic policies were examined. In addition, the study also shows that the effects of economic crises on the labor market are evaluated within the framework of employment. It was anticipated that this information may be useful in the relevant parts of the present study. These findings were especially important in terms of showing the effects of economic crises on regional economic policies.

Another study, which was carried out by Tokucu (2010: 31) and examines the discussions about the continuation of the economic system if monetary policies are successful and causing crises if they fail, was thought to be appropriate to include in the literature review. As a matter of fact, this study provides significant information in the context of monetary policies since it compiles the anti-crisis discourses of the schools of economics. When the findings obtained from the study are examined, about revealing the cause of the crisis, it was seen that there were criticisms on the issues as follows: adopting the inflation rate as an indicator; use of interest rates as a policy instrument; and although it is not possible to follow the financial markets with the existing theories,

trying to maintain this with old views. These views were considered to be used to support the current study's views on the prevention of economic crises.

Erdođdu (2009: 142), on the other hand, examined the effects of the global crisis on the labor market and discussed anti-crisis policies and the measures that can be taken to prevent the labor market from being adversely affected by this situation. It was stated that economic crises have negative effects on the entire economy, especially the social insurance institutions. It was also stated that, in terms of the labor market, practices such as unemployment pays can have greater effects. These views were planned to be used to support the current study's views on the labor market.

Öğüt (2014: 11), on the other hand, conducted a study examining the causes of the emergence of global economic crises and regional economic crises and the role of the IMF in these crises. In this study, it was stated that, with the centralization of capital, the center countries can resolve the crisis by reflecting it to the periphery countries, even if their economic conditions deteriorate. In terms of supporting the view of the current study on the main view regarding the emergence of economic crises was that capital movements are carried out with a higher expectation of profit, this study was considered to make significant contributions. For this reason, this study was considered to be included in the literature review.

Again, it was seen that another study in which he expressed his views on the prevention of economic crises with financial measures from a global perspective was carried out by Karakurt (2016: 185). In the study, it was stated that the developments in the markets should be kept under control to prevent the emergence of economic crises and that economic growth goals should be determined accordingly. In the study emphasizing that, with the centralization of capital, developing and underdeveloped countries can do business with the capitals of the center countries, it was stated that this should be channeled to the right areas within the fiscal discipline. This study makes significant contributions in developing prospective recommendations for the prevention of economic crises in the current study. It was observed that, in another study of the same author (Karakurt, 2010: 167), fiscal policies were addressed. In this study, it was determined that incentive policies to reduce the effects of the economic crisis were

addressed. Thus, it was stated that an economic boom will be brought to the markets, and economic growth will be made sustainable.

Similarly, in the study conducted by Akkus (2017: 27), it was evaluated that uncertainty in economic policies may have negative effects on economic growth. When evaluated in terms of the labor market and regional development, it was stated that misdirected resources will make economic growth unsustainable. This study, like the previous study, was thought to be used to support the proposals of the current study to reduce the effects of the crises on the economic system.

Demir (2011: 1), on the other hand, conducted a study on post Neo-Liberalism after the economic crisis. In the study stating that the global economic crisis occurred as a result of neo-liberal policies, it was stated that economic actors should be directed within the framework of market conditions. In this sense, since it expresses that the views of the New Keynesian school are beginning to be accepted, it was deemed appropriate to include this study in the literature review. When evaluated in terms of the current study, findings supporting the proposal to develop fiscal discipline policies based on global developments were reached. This information was planned to be used in the writing of the relevant sections.

In his study, Akyazı (2015: 205) deals with the policies implemented in times of financial crisis in a micro framework. When the evaluations made within this scope are examined, it was stated that there are structural problems and these cause crises. It is thought that this information can be used to support the arguments of the current study to prevent crises with a micro perspective.

In a study carried out in the context of England, Balseven (2009: 175) evaluates fiscal policies within the framework of the economic crisis. It was stated in the study that Keynesian policies started to be adopted in the post-crisis periods. This study contains significant information to compare the fiscal policies of the economies of developed countries and economies of developing or underdeveloped countries to deal with economic crises. It was understood that the center countries intensify their activities in terms of fiscal policies over other countries and tend to charge the cost of the crisis to these countries. This finding will be used to support the current study's recommendations for the prevention of economic crises.

Again, another study on fiscal policies was carried out by Şimşek (2008: 183). In the study, it was stated that global capital movements are among the main causes of economic crises. It was stated that these capital inflows are realized as portfolio or foreign direct investment. It was emphasized that portfolio investments carry a crisis risk for the country's economy and that foreign direct investments are long-term investments in the growth of the country's economy. Therefore, taxation of incoming capital in the form of portfolio investment was suggested to prevent the country's economy from being affected by the crises. Although this study offers a mathematically verifiable suggestion, it was not considered to be a logically usable suggestion. As a matter of fact, the restrictions caused by liquid saturation and a global capital flow as a result of the effort to reduce the tax burden play a role in the centralization of global capital in domestic markets in developed countries. Even if it comes as a portfolio, applying taxes to ensure capital flow to the country will trigger the economic crisis by causing the liquidity crisis in the country. Although disagreeing with the views of the study, in terms of comparing the arguments of the current study, it was thought that it would be appropriate to examine this study in the literature review.

On the other hand, Topçu (2015: 115) conducted a study on the economic policy mistakes made in the context of globalization under the 2001 economic crisis. Being stated in the study of Balseven (2015), the claim that the center capital imposes the costs of economic crises in developing countries appears to be supported by the findings of this study. In this respect, it was stated that the growth in the economy of Turkey was mostly realized with foreign capital and that the economic development moves were delayed as a result of the restrictions in capital supply. This provides support for the arguments of the current study on increasing savings for economic development, while, on the other hand, it supports the claim that, by paving the way for foreign capital investments, diplomatic advantage can be gained. This information was envisaged to be used in the writing of the relevant sections.

Since it was thought that the economic history of Turkey is important in the structuring of the economic system, it was thought that it would be appropriate to include the study of Kahraman Akdoğu (2014: 348) in the literature review. In the study where the economic policies implemented after the 1929 crisis were examined in the context of economic crises, significant information was obtained. It was seen that,

firstly, the foundations of the principle of etatism in the context of the schools of economics were evaluated within the conditions of that day. Since there was no private sector in the face of the global economic crisis, it is stated that the investments started to be made by the state. It was evaluated that this provides the formation of the private sector and that it causes individuals to gradually move from the agricultural society to the industrial society. In addition, this study provides information about the views of economics schools that advocate economic etatism. It was thought that this information will make important contributions in terms of expressing views on regional economic policies and labor market.

In the study of Ateş (2010: 912) that was based on the assumption that the formation of crises is a phenomenon that emerges as a result of interaction with the outside world within the liberal economic cycle; it was focused on the diplomatic effects and causes of economic crises. It was stated that, with the centralization of the capital, also as stated by Topçu (2015) and Balseven (2015), the economic problems in the center countries cause diplomatic effects on other countries. Thus, it was observed that global capital has some effects on the economies of the country to obtain the desired income, by generating excess liquidity or liquidity crisis. Departing from this finding, it was understood that countries need to reach the same level of development to have a voice in the management of the world. As a result of the evaluation of the views of the schools of economics of the current study, this finding will be used to support their views on the labor market, regional economic policies, and anti-crisis policies.

In a similar study, Arslan (2010: 1231) addresses the concept of the global economic crisis in the context of Keynesian policies. This study contains significant findings for determining the anti-crisis policies of the Keynesian school. In the study, which stated that capitalism needs to implement Keynesian policies to further consider humanitarian issues, it was seen that the suggestions of the Keynesian view for the prevention of economic crises were evaluated. This information was considered to be used in the writing of the relevant sections.

In the study conducted by Bayraktar and Yaşarlar (2017: 1) that examines the effects of economic crises on labor markets, it was determined that crises had negative effects on the labor market. Although there was no significant effect in the short-term, it

was reported that in the long-term, it causes the formation of a passive labor market. It was thought that this finding can be used to support the propositions of the current study on anti-crisis policies. Empirical findings were also obtained to discuss the effects of crises on labor markets.

Erdoğan and Kutlu (2014: 63), on the other hand, conducted a study examining the effects of economic crises and the state of the labor market in Turkey in the context of poverty. In this context, as per the value theories, it was claimed that the always losses of purchasing power of the wage earned in return for labor occur. This finding provides important information in terms of using the current study to support the theoretical background of how labor markets are affected by economic crises. Besides, it was observed that Cangöz (2011: 1) defends the same claims with a similar study. It was also added that investments in human capital can eliminate negative situations such as social exclusion.

In his presentation on the economic research forum held under the auspices of TÜSİAD, Öz (2009: 1) deals with the concept of economic crisis through the example of the Great Depression (1929). Since it is a study that discusses the effects of crises on the economic system right after the 2008 crisis, it was used in the literature review. According to the study, the crises of 2008 and 1929 bear great resemblances. The domino effect created by the US origin of both crises on the economies of the country was examined with examples. The main importance of this study in terms of the current study was to show that the factors that trigger economic crises remain the same over the years. Therefore, it was understood that countries will have to cope with economic crises when they break out the market laws.

Similarly, Karagöz (2012: 1) carried out a study dealing with fiscal policy in economic crises. In the first part of the study, the concept of crisis was explained and the types of crisis were examined. It was thought that this information can be used in the current study to explain the policies for the prevention of economic crises. In the remaining sections of the study, the effects of crises on fiscal policies were discussed. In the last section, economic crises were evaluated in the context of developing countries. As a result, like other studies, also this study states that since the costs of the crises that

occur in developed countries are imposed on other countries, this leads to the payment of heavier tolls.

Küçükefe (2017: 31) conducted a study focusing on the risk factors brought about by the global economic crises. In this study, it was seen that the developments in the general diplomatic framework were evaluated and the risks that this may have on the economy of Turkey were discussed. When risk factors are analyzed, particularly as a result of the policy of the USA to collect its own money and producer in itself, it was stated that also Turkey has risk factors, as well as all other countries around the world. This study evaluates the reasons for countries to fall into economic crises in detail in today's business cycle. It was considered that this information can be used in the relevant parts of the current study.

Ay and Karaçor (2006: 68), on the other hand, conducted a study on how to reduce the risk of the economic crisis with the measures taken after the 2001 crisis. When the core of the study is examined, it was stated that the risk of crisis was reduced by the strict fiscal discipline policies implemented. In this context, it was emphasized that transparent policies implemented keep economic growth sustainable while reducing the risk of crisis.

Examining the study of Göker (2013: 103), it is stated that this is related to the middle income trap and that the economic growth after the crisis should be kept sustainable. It was stated that fiscal discipline policies, which are applied very tightly, may have a negative impact on growth and that foreign capital investments will be needed to overcome this. This finding makes important contributions to support the propositions of the current study to be developed in order to sustain economic growth. It was planned to benefit from this study in writing the relevant sections.

Güler (2013: 330), on the other hand, evaluates the effects of economic crises on social movements through “The Occupy movement” in the USA. In the study, in which significant information was shared to understand the importance of economic crises in terms of the labor market, the measures that can be taken to prevent the conflicts of social classes from adversely affecting the economic climate were listed. When examined in terms of essence, it was stated that purchasing power should be increased to ensure that wages, obtained in return for labor according to the theory of

value, are satisfactory. This study was included in the literature review as it provides significant information for the study of the effects of economic crises on the labor market. It was aimed to benefit from this study in writing the relevant sections.

In their study, Bulut and Güney (2013: 1) examines the causes and consequences of global crises in the context of Azerbaijan. When the basic assumptions of the study are examined, global economic crises were claimed to cause a crisis of confidence in underdeveloped and developing countries. Thus, it was stated that the atmosphere of uncertainty that occurred was negatively reflected on the production figures, the shrinkage in production affects employment, the perception of welfare in society decreased, and the economy was dragged into a dead end called "vicious circle". It can be seen that this finding and the concept can be used to write the parts of the current study related to the introduction of the economic system.

Finally, in their study examining the causes and consequences of economic crises, Aktan and Şen (2001: 1225) make suggestions for the solution of this situation. In this context, firstly, the concept of crisis was explained and important economic crises in history were examined. In the later chapters, the causes of the crisis and the suggestions to be applied in their solution were presented. It was thought that the study, in which macro and micro important opinions are shared, can be used in the writing of the relevant parts of the current study.

Thus, by searching the sources related to both economic thought and the emergence of the schools of economics, studies for the classification of them were compiled. These were considered to be used in writing the relevant parts of the current study. In addition, a rich knowledge store regarding the labor market, regional economic policies, and the prevention of economic crises were accessed. In this context, given that the studies conducted did not carry out such a detailed literature review, it was hoped that a significant contribution to the literature will be made with this study. In the light of the information obtained, it was deemed appropriate to construct the following sections of the study to shape the theoretical background.

3 MODERN SCHOOLS OF ECONOMICS

In the previous parts of the study, after the introduction of the subject, in the first part, the priority issues related to the subject, method, and findings of the research were discussed. In the next section, a literature review of the studies on the schools of economics, regional economic policies, and anti-crisis policies was carried out. In this part of the study, it was planned to examine the concept of modern schools of economics to provide the theoretical background.

The concept of the schools of economics appears as a controversial concept since the economy's departure from philosophy as a discipline. It was also claimed that developments in the philosophy of science are effective in this development (Öğüt, 2014: 50; Şenalp, 2007: 4). The adoption of a more qualitative understanding of science with the influence of positivism necessitated the separation of economics like other disciplines (Basilgan, 2010: 27; Dündar and Dumrul, 2010: 239). It was also stated that social developments such as the French Revolution and the Great Depression are effective in the formation of the schools of economics (Karluk, 2018: 4; Keçetep, 2016: 828). Examining the previous studies on the subject, theorists were observed to have marginal ideas not to be mentioned with other schools, and they have also efforts not to be classified (Sarıçoban, 2012: 157). However, although it is accepted that theories have different features, these people need to be classified in terms of showing significant similarities in terms of basic policies, defending similar views in the same universities, or exhibiting characteristics such as being students or teachers of each other.

Again, evaluating in terms of the philosophy of science, departing from the assumption that science has a cumulative knowledge, it is thought that the classification of theorists can make an important contribution in terms of transferring views to future generations (Alada, 2007: 4; Kutlu and Horvath, 2017: 98). However, it was observed that some views are attributed to more well-known theorists while realizing this and that those who are known rarely were ignored. As a matter of fact, a similar example was given in the research conducted by Genç and Çağlayan (2017: 667). In fact, it is stated that the diamond-water paradox put forward by John Law was attributed to Adam Smith.

When the studies related to the emergence of these schools are investigated, it was understood that, in general, they adopted a view on how the economic structure should be shaped that included the conjuncture of that day. While mercantilism is a theory based on the definition of the economic system that is effective for the world of that day, physiocracy, on the other hand, claims that money cannot be accepted as value, and what matters is the natural resources. When evaluated in terms of the development of countries, it is observed that the economy was shaped over the precious metals during the days when mercantilism was dominant, however, in the times when physiocracy was effective, colonization activities were experienced along with geographical discoveries.

To understand the concept of the schools of economics, the study of Bilgili (2015: 1), one of the important works on this subject, was planned to be grounded on. Thus, information about the names and contents of all schools of economics was obtained. Since the classification made in the work also takes into account the historical development, the titles were created in the same way.

In this context, it will be provided to mention the basic assumptions of the schools of economics, their leading theorists, and their economic theories. It was also aimed to compile the views of these schools on regional economic policies, labor market and anti-crisis policies. In the rest of this section, the subjects of mercantilism, physiocracy, neoclassical school, Keynesian school, Monetarist school, New classical school, New Keynesian school, Post-Keynesian school, the school of supply-side economics, public choice theory, and real business cycle theory were examined.

3.1 Mercantilism

It was reported that the adaptation of social events such as Renaissance, Reform, and geographical discoveries to the economic system was effective in the emergence of this school, which includes the leading theorists such as Thomas Myles, Jean Bodin, Montaigne, Thomas Mun, Antonia Serra, and Jean Baptiste Colbert (Bilgili, 2015: 19). When the views of the representatives of this school were evaluated, it was understood that they consider the source of wealth as precious metals. It was stated that, therefore, the resources of the world are limited and that countries should take aggressive attitudes to take possession of them. Departing from the assumption that not

all countries will have access to these resources on equal terms, it was claimed that countries can survive if they have a foreign trade surplus.

It was stated that the production should be more than consumption to realize this and incentive measures should be taken regarding the promotion of exports. It was thought that while export is promoted, imports should be prevented. When the views of this thought are analyzed, the state should establish full domination over the economic system. Thus, it is possible for the strong state to constantly intervene on the markets (Güngör, 2014: 1). The fact that the country with foreign trade surplus has a precious metal stock and that inflation occurs as a result of this is shown among the reasons for this view to be replaced by physiocracy. At the same time, the fact that gathering of the wealth constantly in the same country impoverishes other countries and reduces the trade volume of them and that this becomes unsustainable with the increasing population is also shown among the reasons for that.

When Mercantilism's views on the labor market are examined, to make production more than consumption, a full-employment position must be adopted. However, since the representatives of this view do not consider labor as a production factor, the fact that individuals earn enough income to continue their lives and that all income is collected in the state was taken into consideration. It was stated, thus, concepts such as value, price, trade, circulation, and gain were emphasized (Urhan, 2011: 179). Thus, since labor is considered to be a sticky factor on cost, there is an unfavorable situation in the labor market.

Evaluating the perspective of this view on regional economic policies in terms of the labor market, it was stated that the view that the population should not be more than the land can give was adopted (Acar, 2005: 367). Since a strong state understanding was adopted in terms of regional economic policy, it was understood that this view aims to develop with statist policies. Thus, it was understood that the development of regions at the rate desired by the state could be provided. When this situation is evaluated in terms of differences between regions, it was seen that the regions that are close to the central administration will develop more than others.

Again, considering the opinions that this thought will adopt regarding anti-crisis policies, it was assumed that economic crises will not be possible in the country as

long as the foreign trade surplus is obtained. Thus, it is believed that the precious metals purchased in exchange for products sold to other countries can be used to achieve constant economic growth. Since adopting a national policy comes into question, for this thought to be successful, also consumer behavior must be shaped in this way.

When evaluated in today's economic business cycle, since countries run low in domestic markets in terms of demand and reach the capacities that can meet the needs of the whole world under liberal economic conditions, they have difficulty in competing. Since it was observed that, with the concentration of capital and the processing of raw material resources, countries seek to increase their economic activities in other countries, in today's business cycle, this view has no applicable value.

3.2 Physiocracy

It was seen that the most important feature of this period, which is stated to have philosophical foundations, was summarized in the manner of the fact that the markets will find their balance, like nature, and no intervention will be required (Güngör, 2014: 1). Stating that it is a land-based idea and that very heavy taxes were applied in France of the period, it was stated that this thought also triggered the French Revolution.

Having defenders such as François Quesnay, Robert Jacques Turgot, Le Mains de Mirabeau, Abbe Nicolos Baudeau and Pierre Samuel du Pont de Nemours, the basic view of this thought was based on agriculture (Bilgili, 2015: 25). It was claimed that all other sectors need agriculture, and that agriculture should be selected as the baseline due to its ability to create out of nothing. It was stated that, thus, markets can establish their balance as there will be no interference with the natural system.

The view that entrepreneurs will exist within the economic system naturally and the intervention of the state to this will limit the economy was adopted (Gencer ve Birol, 2014: 4;). Thus, the principle of “laissez faire, laissez passer” was adopted. In this view, the role of the state should be to protect the market from possible external military attacks (Doruk and Sahintürk, 2010: 7). It was claimed that the best way to achieve this was the kingdom. It was also stated that the view that any kind of fluctuation can be

resolved in the long term was also dominant (Keskin and Sungur, 2010: 10). However, it remains incapable of overcoming even a simple inference in the manner of everyone will die in the longest term (Güngör, 2014: 1).

When the views of this school on the labor market are examined, since it is a land-based view, it was understood that labor started to be seen as the production factor (Acar, 2005: 367). It was seen that, thus, labor started to become sticky on cost (Urhan, 2011: 179). However, when evaluated within today's conditions, since it was observed that the need for labor force is almost reduced to zero with applications such as Industry 4.0, it was evaluated that this view cannot be valid. When evaluated in terms of regional economic policies, as it is a land-based thought, it was considered that the settlement should be dispersed and fruitful lands are considered to come to the forefront. Thus, the investment will be focused on fruitful lands. As a result of the fact that investments turn towards productive areas, regional development differences emerge as an element that can trigger the emergence of undesirable situations such as migration.

When the views of this school are analyzed in terms of anti-crisis policies, no problems are envisaged as long as agricultural production continues. However, it was also observed that this view collapses when problems such as drought arise that would disrupt agricultural production. Besides, given that it would not possible to cover public spending with only taxes collected from the agricultural sector, it was seen once again that this view cannot be supported. However, it was evaluated that positive points, such as ensuring free market conditions, are also important for anti-crisis policies. Considering the fact that the state's protective role and the least intervention in the markets have not been a power struggle with the kingdom, this indicates an environment where the election economy cannot be implemented. However, when evaluated in terms of today's societies and considering that democratization also encourages foreign capital investments, it becomes a situation that no one can support.

3.3 Classical School of Economics

It was stated that, as the markets started to be adversely affected by the additional taxes imposed by the physiocracy in the agricultural sector, the concept of natural order gradually adopted the approach that an invisible hand leads the markets

(Şenalp, 2007: 4; Üzar, 2017: 283). It was seen that the classical Orthodox school emerged as a result of these developments. The fact that products with high added value create more added value than agricultural products, especially with the industrialization that emerged in England, plays an important role in the emergence of this school.

When evaluated within the scope of value theory, it was stated that obtaining value without production makes no sense. Thus, it was understood that markets should be managed by factors other than money. It was stated that value is a relative concept and its real value can only be obtained through production (Özel, 2001: 28).

To explain this situation with an example, departing from the assumption that the producers in the markets are chickens and the capitalists are roosters; for production to take place, chickens must lay eggs and roosters must be pleased with this. Given that obtaining 50 eggs per every 100 chickens is considered to constitute one unit of the market price, it is envisaged that the production of 100 eggs by the chickens will cut the price of the egg in half and the consumption will increase. When the production was reduced to 25 units due to the dissatisfaction of chickens and roosters, the price of the egg will be increased and consumption will decrease. It is envisaged that, therefore, it will be faced with inflation. In this school's view, the satisfaction of production factors in the markets shows that the market will be balanced by an invisible hand without any intervention.

Representatives of the classical school claim that labor is more important than other factors of production. Thus, they argue that it is necessary to think over the formation and efficiency of the labor market. In his book “The Wealth of Nations”, Adam Smith, one of the greatest representatives of this school, provided the basic opinions about this school. According to Smith, money is a relative concept and cannot be accepted as a measure of value. Smith claims that, when evaluated within other market actors, the economy of the country can be kept alive by increasing the efficiency of labor. In the “theory of absolute advantages”, again developed by Smith, it is envisaged that to get wealth, nations produce products that they prevail in competition and that the world resources will be used effectively. In the theory of absolute advantages, the fact that foreign trade becomes free and that the country enchains other countries to itself by producing more comes into question. It is argued that

specialization should be carried out to increase efficiency. It was stated that, thus, doing the same job will lead to constant thinking about doing the job easier. Bilgili (2015: 30) summarizes this fact in the manner of that productivity increases if each worker deals with only part of the needle rather than making an entire pin.

Another important representative of this school is David Ricardo. The law of comparative advantage, which Ricardo developed based on Smith's views, is his best-known study. Accordingly, it is claimed that it can achieve a comparative advantage with foreign trade being freer by concentrating on the products that nations are the absolute superior.

Another prominent view of Ricardo in his recognition is the classical theory of rent. Accordingly, since land becomes perfectly inelastic in supply, as the population tends to rise, demand for land rises. It was also discussed that this is an issue that increases production costs (Urhan, 2011: 181). It is claimed that, thus, a higher income will be obtained in productive areas close to the market and that the yield will decrease in the parts not close to the market and this will not cause a rent.

Another famous view of this theorist is the equivalence theorem. Accordingly, individuals have rational expectations, and individuals who know this will economize not to bear any more tax liability in the future. By using these savings in the economy, capital formation will be provided and economic crises will be prevented. With the expenditures made over the balanced budget, the markets will be constantly stable.

Another important representative of this school is shown as Jean Baptiste Say. This theorist is the founder of the law of markets, which is called “supply creates its own demand”. Since it is a production-based school, money does not matter, as another commodity is exchanged for each commodity produced. It was observed that this view contributed to the formation of today's commodity markets.

According to this approach, the constant development of the economy depends on making more production, since other goods are exchanged for each produced goods. However, this view cannot explain the fact that if the goods are produced more than necessary, a situation such as price decreases may occur. According to them, the decrease in the price of a good is due to the insufficient production of other goods. If we evaluate this situation in terms of consumer behavior, it will not be possible for every

producer to show demand for other goods in return for the goods produced. Personal preferences will increase the demand for some products while reducing the demand for some products. Besides, when evaluated under technological developments, the production of products that society will no longer need will lead to a decrease in demand and trigger the abuse of economic resources.

Another important representative of this school is Robert Thomas Malthus. Malthus's most important view is that resources are limited and wants are unlimited, so population growth should be balanced (Kutlu and Horvath, 2017: 99). Considering that this thought constitutes even the story of movies today, the actions taken for global population control show that this view is still effective. Another important view of this theorist is his rejection Say's law, also called the law of markets (Pehlivan, 2011: 19). Accordingly, supply does not create its own demand. Thus, he envisages creating a balance between investments and savings.

In other words, he argues that when investments increase, the need for supply of money will increase and this will cause interest rates to rise. On the contrary, it was added that the interest rate will decrease as savings decrease the investments.

It was also seen that, in terms of economists, adopting the views of the classical school is deemed to be evaluated as if following an Orthodox belief (Öğüt, 2003: 49). It was also stated that those who comply with this belief will be accepted by everyone and those who do not comply will be punished with criticism.

When the views of this school are evaluated in terms of the current study, it was seen that this does not fully represent today's conditions (Özgür, 2008: 51). Indeed, the representatives of this school envisage exchange on production-based goods. However, it was understood that, under today's conditions, elements such as bills and bonds are also included in the economic system. Since it is shaped over the efficiency, although a situation like full employment for the labor market comes into question, it was observed that the prediction of a mechanical society does not correspond with today's secular societies. It was observed that a socially dominant and increasingly democratizing society's situation in the labor markets does not correspond to the full employment forecast of this view.

When evaluated in terms of anti-crisis policies, the fact that this school has commodity-based views reduces the impact of capital movements on the economic system. The balance of saving and investment, which is recommended along with practices such as full budget, eliminates the risk associated with the payment of debts that are due in the future. Thus, markets are avoided to deal with additional taxes. Since it contains a thought that markets will be shaped with an invisible hand, it is thought that this school tries to connect what it is not able to explain to social movements. It was also thought that this view cannot be supported since a more mechanical and positivist understanding of economy was revealed. Besides, according to the classical school of economics, economic crises are caused by high real wages. When evaluated in terms of the labor market, this is a situation that triggers economic crises itself, along with the fact that full employment expectation is unsustainable.

When the views of this school on regional economic policies are evaluated, it was seen that efficiency was grounded on and the concept of rent was emphasized a lot. It is thought that a school with this view will not evaluate an element such as equal development of all regions.

When evaluated in terms of the labor market, it was stated that the price, wages, and interest are flexible. This means ensuring full employment. It was claimed that, when unemployment takes place, wages in return for labor will decrease without any intervention and that this will create employment again. However, the same theorists also state that individuals, with their rational expectations, can also raise situations such as voluntary unemployment. It was understood that, thus, if wages are low, also labor can stop production. In this way, wages must be determined on the basis of real figures. In other words, rather than the numbers that individuals earn, the amount that they earn should be evaluated on purchasing power.

After presenting all this information, this school claims that the interventions of the state will be an irrelevancy, the economy will be guided by an invisible hand with full employment, and individuals will take part in the economy as a result of rational expectations. All these views are very important for individuals who are aware of their expectations to obtain qualified labor markets.

3.4 Neoclassical School of Economics

The names such as W. Stanley Jevons, C. Menger, F.Y. Edgeworth, A. Marshall, L. Walras, V. Pareto, I. Fisher and A.C. Pigou are shown as the most important representatives of this school, which shares the same views with the classical economists on the law of markets and the issue that the economy is driven by an invisible hand but differs in some other subjects (Bilgili, 2015: 104). Unlike the classics, Neo-Classical economists claim that the value of a good could be determined with the perception of the good for the customer rather than the effort spent on that good. Unlike the views of the classics in the manner that the economy will find its balance, it is suggested that perfect competition may not occur, and producers may be the determinant of prices in terms of incomplete competition.

When evaluated from a macro outlook, this view, which claims that the economy will find its balance sooner or later, is generally thought to be more useful to deal with micro matters. Although this view argues that state intervention should be at a minimal level, the theorists of this view argue that the state can intervene in issues such as overpopulation, migration, people's decision to increase their savings rates, and decreased productivity in labor markets.

Examining the anti-crisis policies of this school, it was observed that since they care about the intervention of the state when necessary, they take a careful approach to taking measures to prevent savings that will prevent the markets from crunch. Analyzing the same school in terms of regional economic policies, it was observed that policies such as preventing immigration are implemented. To prevent migration, regional developmental differentiates need to be eliminated (Perktaş, 2014: 482). In addition, the overpopulation creates a negative situation in terms of supply and demand equilibrium.

It was claimed that full employment is believed in the evaluation of this school's labor market-related policies and that the value of labor can reveal by its marginal benefits. It was envisaged that, as a result of the determination of prices and wages as flexible, the change of labor will be shaped according to the market conditions.

3.5 Keynesian School

After the Great Depression of 1929, which had great effects worldwide, the views of this theorist were very influential, since the representatives of the classical school could not explain the problem of deflation and unemployment in the markets (Kutlu and Horvath, 2017: 95). Since it was understood that the invisible hand shaping the markets cannot be sufficient, it was underlined that states must manage the markets themselves. As a result of controlling all markets, state savings are not required. It was stated that there may be a liquidity shortage in the markets as the starting point of the economic crises is the unexpended incomes. While the deflation-induced constant depression of prices reduces production and causes unemployment, it creates the perception that prices will drop further for consumers and shrinks the demand (Yay, 2001: 4). It was understood that, thus, for the economic system to survive, all income must be spent and the economic size must increase according to the population growth rate.

It was argued that to prevent the stagflation confronted due to the Great Depression, the low purchasing power of the private sector would bring production to a standstill, and this loss should be amortized through public procurements (Doğan, 2011: 72). It was stated that, since increasing public spending envisages an expansionary fiscal policy, it is necessary to turn towards full employment to close the future gaps.

According to the Keynesian school, the cause of economic crises is shown as the effective demand insufficiency (Kök and Şimşek, 2012: 16). In this case, the decrease in demand for goods produced in the markets means the distortion of the economic balance and leaving the full employment situation. It was claimed that this can be eliminated by increasing public spending. However, since the increase in savings in this regard will adversely affect the cash flow in the markets, the economy must continue to grow to avoid the unexpended value and to eliminate the effects of increase in population. It was emphasized that it is important to provide cash flow to the markets to overcome this. However, according to this view, providing liquid supply in the markets loses its effect after being effective up to a certain rate in reducing interest rates. It was observed that this school, acting on the assumption that prices will be high

even when the interest rates are low, draws attention to the liquid trap (Birol and Gencer, 2014: 4).

Since the views of this school have a projection such as the government's direction of the market by borrowing, the public's liquid resources have to be largely managed through bonds. When it is evaluated in terms of the time value of money, economic growth will need to be provided at least as much as the burden on the bonds issued for a higher sum in the future. Otherwise, the government will apply higher taxes on debts payable. For this reason, investors will start to give importance to their investments in other countries, by limiting their activities in the country. When this situation is evaluated in terms of labor markets, as the bond is tempting for the investor, it leads to a decrease in production and the need for more public bonds.

When the views of this school on the labor market are evaluated, Keynes appears to consider labor as an increasing function of nominal wages (Çetin and Bakırtaş, 2014: 175). Therefore, labor is a situation shaped by the increase or decrease of nominal wages. It was claimed that labor productivity will increase as a result of when individuals feel the purchasing power in their minds at their hands, while if they do not feel this, on the other hand, they will decrease efficiency by working reluctantly (Sevinç, 2011: 46). In this context, it was understood that the perspective of the Keynesian school on the labor market is shaped by satisfaction with the wage.

The fact that the emergence of this school coincides with the post-Great Depression period, which is shown as one of the greatest economic crises in world history, provides an important place in terms of anti-crisis policies. While the classical school explained the reason for the crisis as rising real wages, the views of this school that the main reason under the crisis was the demand shrinking aroused great interest. Accordingly, in cases where the demand is inadequate, the public should intervene in the markets by increasing public spending. However, this situation becomes inapplicable for developed countries, where sectoral diversity has increased and the private sector has become larger than the public sector. Public procurement from all sectors means increased tax burden of the public and falling real wages.

When this situation is evaluated in terms of regional economic policies, to ensure full employment and to prevent migration, regional development must be carried

out by the public. Since the public can't make purchases in every situation where the demand of the private sector is shrunk, the planning and budget parts of the fiscal policy should be tailored to the needs of the market to prevent the decrease in demand.

The interpretation and criticism of the information developed by Keynes have led to the emergence of other economic schools. These views, which may cause an increase in public debt stock in the long term, are thought possibly to be used to make a breakthrough after the economic crises.

3.6 Monetarist School

The main assumptions of this school, whose representatives are shown as Karl Brunner, Allan Mentzer, and Allan Waters, and in particular Milton Friedman, are stated as follows: the determinant of the economy is money in circulation; the supply of money triggers interest; public spending makes a crowding-out effect either through inflation or borrowing; the purchasing power of money will always be higher than its amount; the cause of the economic crisis occurs depending on the policies implemented (Bilgili, 2015: 237).

When the theories developed by this school are examined, it was seen that, with the adaptive expectations approach, the markets have future expectations depending on the events that took place in the past. It was understood that, thus, the starting point of the provisioning methods used in today's markets is this theory. At the same time, it was claimed that the natural unemployment rate could be within acceptable limits for all economies (Yay, 2001: 196). It was stated that, in this case, individuals cannot temp to voluntary unemployment within the economic system to generate continuous income, so they will continue to work with the wage determined by the market. Although this seems to be a contradiction with the rational expectations hypothesis, the labor market can't wage a struggle to determine wages by following all economic developments.

The representatives of this school envisage that fiscal policy does not become active and that the public will not interfere with the economic order too much. According to the Keynesian school, consumption should emerge as a result of

disposable income, whereas Monetarists argue that consumption is a situation that can occur with permanent income. Thus, making tax deductions to increase consumption will not increase consumption, as individuals' real wages will not increase. Similarly, while Keynesian school is implementing an expansionary policy for public spending, Monetarists argue that the public's involvement in the economy may block the private sector (Sarıipek and Kesici, 2010: 17). Likewise, relating to the increase of the supply of money, as opposed to the Keynesian view, they argue that this will only increase income with an increase in nominal wages and will trigger inflation by increasing prices in the long term. It was observed that this school rejects the assumption of classical economic theory that prices will increase at the same rate with the increase in money supply with its prediction that it will have a higher impact. Since the increase in the supply of money will cause inflation to increase, it was envisaged that prices will become higher with the addition of the cost of this supply.

When the current situation is evaluated in terms of the labor market, accepting natural unemployment and acceptance of money as the main factor of the economy and as a luxurious consumption tool indicates that the labor market can be negatively affected by the views of this school. Besides, the fact that the market is decisive for both real and nominal wages suggests that the labor market may be disturbed by this situation. However, contrary to Keynesian policies, when evaluating its views on reducing the public impact on the economy and the promotion of the private sector, it was also understood that it seems more possible to approach full employment.

When this school's perspective on economic crises is examined, it was thought that to address the issue especially within the framework of Friedman's view that money is a luxury consumer tool will enable us to achieve more effective results. In this context, for the country's production capacity to increase, the supply of money must be continuous and capital expectations should be met. While this appears to be a positive situation for capital owners, it is considered negative for the labor market. Investors acting on the assumption of adaptive expectations developed by the theorists of this school can take decisions such as withdrawing their money from the economic system or stopping production if their expectations are not met. When evaluated along with the multiplier effects of its impact on the country's economy, the economic crisis is evaluated likely to have worse consequences. However, again, in the opinion of this

school, it was envisaged that permanent income expectations of individuals can ensure them to stay in the economic system.

When evaluated in terms of regional economic policies, it was anticipated that regional development cannot be realized in cases where the money follows the rent. Similarly, restriction of public spending and promoting the private sector will enable the development of the productive areas of the country, whereas it will cause the non-development of the inefficient areas of the country, on the other hand. Therefore, situations such as a disproportionate increase in population and migration towards productive places may arise.

3.7 New Classical School of Economics

It was stated that this school, whose greatest representatives are shown as John F. Muth, Robert Lucas, Robert Barro, Thomas Sargent and Neil Wallace, emerged as a reaction to the Keynesian school through the assumption of rational expectations (Bilgili, 2015: 274). It was seen that, starting to discuss future expectations along with monetarism brought up the rational expectations theory again.

Accordingly, individuals make good use of their savings within a future-oriented expectation based on their past information. It was claimed that a policy contrary to the expectations of individuals who act so consciously can be realized by neither market actors nor managers and that the economy will find its balance. In terms of monetary policy, approaching the monetarists, they stated that for the supply of money, the need should be met by monetizing instead of borrowing. Since an economic system running through permanent borrowing is envisaged and an environment where debts are compensated by increasing the money supply, it was evaluated that the economic system can continue for a while and the welfare climate can be provided. However, after exceeding the specified times, it was argued that small businesses will disappear with the sweeping of the markets and the strong ones will obtain the value of these small businesses.

The views of this school envisage that everything related to the economy will be determined by market actors. It was claimed that unemployment will mean the

decrease of real wages until everyone finds a job and that markets will find their balance. When this situation is evaluated in terms of the labor market, it was observed that this school does not accept voluntary unemployment, but it does not create a positive environment for the labor markets in terms of real wages. Since it was considered that there is a more conscious labor market, it was envisaged that employees will give collective responses to increase their wages when it comes to the supply of money.

When evaluated in terms of anti-crisis policies, it was seen that the representatives of this school attribute the failure of the economic system to the error of estimation. It was observed that if the public cannot see the expectations of the capital, economic crises will be inevitable. Besides, issues such as sweeping the markets are important for both the labor market and anti-crisis policies.

When the views of this school on regional development are examined, it was concluded that the public should not apply any policy. Since the confidence in the markets will be tarnished when acting on the principle of “no policy is the best policy”, investments will focus on areas where expectations are more likely to be realized. Since the permanent income expectation of individuals shows an expectation that they will accept the decrease in real wages, it was understood that the continuation of production depends on the things that individuals take the risk of losing rather than their gains.

3.8 Schools Following the Keynesian School

After the emergence of the deficiencies in the opinions about the classical economic theories that they are more useful in the long term as a result of the failure of the disciplines of Keynesian schools to explain situations such as stagflation, it was observed that some Keynes-based thoughts were put forward.

The first of these views is shown as the Neoclassical-Keynesian synthesis, in which international economic relations were brought into the equation (Bilgili, 2015: 313). This approach is known to support the economics literature with the Philips curve. Besides, it was understood that this school mentions opinions such as to a request for

obtaining permanent income, establishing the monetary policies depending on the portfolio, and the fact that transaction costs cause an increase in interest.

As a result of the evaluation of this school by the priorities of the current study, it was understood that the permanent income hypothesis is put forward for the labor market and this will eliminate concerns about employment security (Sariipek and Kesici, 2010: 28). Ensuring the adaptation of economic crises to monetary policies through portfolio investments was also considered as a measure to reduce the risk of economic crisis. However, it was also envisaged that the economic crisis may happen very quickly if international trade relations are damaged. It was evaluated that regional developmental differentiates may occur as a result of bringing intercountry relations into the equation in terms of regional economic policies. It would be possible that locations that are more suitable for foreign trade will come to the forefront compared to others.

It was stated that another school following the Keynesian school is Cambridge School. It was understood that this school was shaped within the framework of Harrod's views (Kutlu and Horvath, 2017: 104). According to the Cambridge school, savings do not create investment, on the contrary, investments form savings (Doruk and Şahintürk, 2010: 1). Under the rational expectations theory, it was understood that the decisions of individuals on investment or savings are based on their future expectations. At the same time, regarding income sharing, it was asserted that this moves along with the increase in investments. In addition, it was stated that nominal wages are discussed externally within the framework of institutional factors (Bilgili, 2015: 314).

When the views of this school are evaluated in terms of the current study, it was seen that savings are tried to be created by investments. Since this part is evaluated in the context of increasing investments, it is seen as an important point in terms of both meeting the expectations of the labor market and regional economic policies. However, it was evaluated that, when there is a situation such as increasing the investments related to the distribution of income and thus increasing the wages, an economic crisis may occur due to failure to meet expectations. It was observed that the last school evaluated within this scope was examined as Keynesian disequilibrium and that this would create the disequilibrium itself if the expectations could not be met.

3.9 New Keynesian School of Economics

The basic assumptions of this school, whose representatives are shown as M. Parkin, A. Okun, S. Fischer, E. Phelps, J. Taylor, J. Stiglitz, A. Blinder, J. Yellen, G. Mankiw, G. Akerlof, O. Blanchard, L. Ball and D. Rommer, are lacking from the micro perspective of Keynesian economics. Also, they supported the rational expectations theory (Ercan, 200: 7). Besides, it was understood that wages in the markets will be considered as sticky, as individuals will constantly look out for their profit expectations and there are opinions that markets cannot be swept as social factors come into play. It was observed that the representatives of this school accept natural unemployment (Bilgili, 2015: 317).

When the views of this school are evaluated in terms of the current study, it was understood that the effects of economic crises cannot be eliminated at once since markets cannot be swept. Also, when evaluated in terms of the labor market, it was evaluated that natural unemployment is accepted as normal and this will cause problems in realizing full employment (Üzar, 2017: 285). Besides, offering a micro perspective in terms of regional economic policies indicates that domain-specific policies can be implemented.

3.10 Post-Keynesian School of Economics

Representatives of this school include Michal Kalecki, Sidney Weintraub, Paul Davidson, and Joan Robinson (Bilgili, 2015: 340). Their main assumption is to reject the rational expectations hypothesis and monetarism. It was stated that increased wages are the cause of inflation and the struggle of the classes related to income sharing in society leads to decreased productivity. It was observed that the representatives of this school have an understanding that the economy will grow through investments and that expenditures will increase with the increase of income level thanks to investment (Kutlu and Horvath, 2017: 95; Alada, 2007: 4). It was claimed that with the increase in income, profit will increase and this may be the source of investments. It was claimed that the

firm expectations of other schools regarding prospects are unlikely to be realized according to market conditions.

When the Post-Keynesian school's views on the priorities of the current study are evaluated, it was seen that the labor market was not approached very positively. As a matter of fact, an understanding that the main reason for inflation is the increase in wages dominates. When evaluated in terms of anti-crisis policies, it was evaluated that there may be uncertainty in prospective expectations and adoption of development through investments is considered a positive point (Gencer and Birol, 2014: 8). When evaluated in terms of regional economic policies, it was evaluated that regional policies may be adversely affected by the impact of immigration as a result of class conflicts. Strong trade union movements may concentrate in places where capital is dense and cause other regions to not develop economically enough (Uyanik, 2008: 216).

3.11 Supply-Side Economics

It was seen that in this school, which emerged as a reaction to Keynesian schools, evaluations are made on real income and supply. It was claimed that real income can be increased by lowering taxes and that this will positively affect the supply and reduce the risk of stagflation (Bilgili, 2015: 345). According to this school, the fact that the public makes purchases from every sector under Keynesian policies increases the tax burden on the citizen and causes voluntary unemployment as the state starts to meet the needs of the citizens together with the transfer expenditures. They argue that public spending and transfer spending should be reduced to prevent this and that the economy could be invigorated by relieving the tax burden (Göker, 2014: 107).

When the views of this school on the priorities of the current study are examined, it was observed that people's voluntary unemployment is prevented by shrinking the transfer expenditures related to the labor market. It was also observed that social security is promoted by increasing savings (Doğan and Yıldız, 2007: 153). When evaluated in terms of anti-crisis policies, it was considered that the public intervention in the economy and the reduction of public spending is an important point for the prevention of the crisis. Besides, considering the cause of inflation as increasing tax liabilities resulting from the public spending shows that markets can be relieved with

tax deductions to prevent crises (Kesici, 2011: 97). When evaluated in terms of regional development policies, it was thought that paving the way for the private sector and restricting public spending will reveal a negative situation for regional development. It was considered that regional economic policies can be damaged in this context since the private sector will prefer high-income domains.

3.12 Public Choice Theory: Constitutional School of Economics

It was stated that the leading representatives of this school, which is remarked to be a concept obtained by gathering the opinions of the public administration discipline on economic life, are James Buchanan and Gordon Tullock (Bilgili, 2015: 363). When the evaluations made within this scope are examined, it was argued that in order not to confront situations such as market failure or the failure of the public economy, the duties of all market actors must be determined and everyone should act accordingly. When evaluated in terms of policy science, it was claimed that all parties will act in their interest and this may limit the radius of action of others (Güngör, 2014: 23). Thus, governments may tend to implement an election economy to ensure their continuity. It was aimed to prevent this by performing structural reforms. It was observed that this school, which gives great importance to people as individuals, pays attention to the concept of individual rationality and methodological individualism. It was seen that this school, which acts with the assumption that everyone will set policy and support political parties accordingly, received the most criticism on this subject. It was discussed that individuals make preferences in their political preferences over religion, sect, race, and sense of belonging rather than rationality. Besides, individuals, as *homo economicus*, implement too complex decision-making processes to be simplified (Basılgan, 2010: 23).

When the views of this school in terms of the priorities of the current study are evaluated, it was seen that practices will be made to meet the expectations of every citizen in terms of regional economic policies. Again, it was evaluated that an organized trade union structure as a voter will act to meet the expectations of the labor market. However, it was evaluated that meeting the expectations of both sides will raise wages and increase prices, thus causing inflation. It was seen that governments' actions to

maintain power in the manner of unsettling the economy may lead to negative consequences as a result of ignoring individualism (Sevinç, 2011: 52).

3.13 Real Business Cycle Theory

Kydland, King and Plosser are shown as the most important representatives of this approach, which shows, as a technology-based school, that production is affected by technological developments (Bilgili, 2015: 375). In this context, it was seen that technology completely changes the figures related to production and this has started to eliminate concerns about the efficiency of the labor market.

When the views of this school on the priorities of the current study are evaluated, since the use of technology will increase efficiency, it was considered that it can be successful in terms of anti-crisis policies (Kök and Şimşek, 2012: 15). However, the fact that the unplanned misapplication of technology acquisition creates heavy bills to be paid can cause an economic crisis. Also, when evaluated in terms of the labor market, paying higher wages to the more qualified workforce with the real business cycle theory is considered a positive situation for the markets. When evaluated in terms of regional economic policies, it was understood that turning towards productive areas that are required by the real business cycle can achieve higher returns (Pehlivan, 2011: 51). However, when the use of technology is increased to higher levels, the location of the production facility will lose its importance, because robots can make production uninterruptedly without considering climate conditions.

It was evaluated that it would be appropriate also to examine the views of the schools mentioned in some other sources, in addition to the classification made by Bilgili (2015: 1).

3.14 Austrian School

As Sariçoban (2012: 157) stated in his study, as a school shaped by Menger's views, we come across the Austrian school of economics. This school claims that a better economic structure can be created by concentrating on entrepreneurship, subjective values, and market concepts. As a result, it was seen that concepts such as

marginal utility, time preference, and opportunity cost emerged as a result of the activities of this school. Among the important representatives of the school are Menger, Böhm-Bawerk, Friedrich von Wieser, Schumpeter and Hayek. Although Schumpeter is shown as the founder of the German historical school, since the opinions he defended were similar to those of others, he was evaluated in this context (Basılgan, 2010: 23).

Considering the views of this opinion on the priorities of the current study, it was seen that there is a claim that a high supply of money will cause fluctuations in the markets. When evaluated from this perspective, it was understood that excessive supply of money may lead to an economic crisis and may decrease profitability and this may affect economic growth negatively. Therefore, it was seen that governments should avoid excessive supply of money. When evaluated in terms of the labor market, it was observed that also the labor was tried to be evaluated over its marginal utility. Thus, it was evaluated that a productive workforce and inefficient workforce should not get the same wages (Şahin and Eren, 2012: 255). When the views of this school are evaluated in terms of regional development, it was observed that it evaluates marginal utility. It was considered that the evaluation of the productive areas will yield more effective economic results.

With the evaluation of all these schools together, the opinions of these schools on the priorities of the current study were compiled and information on the basic views of schools was presented. When all are evaluated together, it was ensured that much useful information to be used in the discussion sections of the current study was obtained. The next part of the study will focus on the assessment of the conceptual framework related to the labor markets.

4 CONCEPTUAL FRAMEWORK RELATED TO LABOR MARKET

In the previous parts of the study, the subject was introduced and the evaluation of previous studies on the subject was provided. After that, basic information about modern schools of economics was provided and they were assessed in the context of the labor market, regional economic policies and anti-crisis policies, which are the priorities of this study.

Since descending to earth, humankind had to carry out economic activities. It is thought that Maslow's theory of the hierarchy of needs has been effective in the development of these activities (Erdoğan, 2010: 212). Accordingly, it was envisaged that people meeting their physiological needs will focus on issues such as safety, esteem, and self-actualization.

Considering that the people at the base of the pyramid will have trenchant opinions about the labor market and since those who tend to actualize themselves are seeking for something that no one else can achieve, they will also expect creativity in maximum efficiency from the labor market, it was thought that, to reach effective labor markets, individuals' income levels should be increased and this should be reflected in their living standards.

When evaluated in terms of actors, it is seen that there are workers in the labor market, unions as employee representatives, employers, and associations as employer representatives. Governments have both a decisive and compelling effect, such as ensuring optimal evaluation of the relations between the two parties, when necessary. When evaluated in terms of employees, there are demands for improvement to prevent loss of the real value of the nominal wages of the market movements with rational expectations. Besides, they also tend to ensure taking precautions regarding employment security. Unions, on the other hand, have the authority to represent the employees in their relations with the employer. Employers, on the other hand, present their demands and forecasts to governments through the effect of rising costs on prices and thus inflation. As a result, employees have rights such as strikes, while the employer has the right to dismiss, such as a lock-out. Since both are a problem for

governments, to prevent damage to the economic system, these two parties are reconciled.

In this part of the research, it was aimed to reveal the conceptual framework related to the labor market and to evaluate the diverging or similar views of these schools through concepts. In this context, since it was seen that the study carried out by Sariipek and Kesici (2010: 17) has a wide range for determination of the titles, this study was deemed appropriate to use to create the titles.

4.1 Rational Expectations Hypothesis

According to this hypothesis, in the economy, people display rational behavior when making decisions and this allows the economy to be regulated. When evaluated in terms of the labor market, it was stated that in market conditions that do not meet their expectations within an organized structure, there may be rational expectations enough to take the risk of voluntary unemployment (Güngör, 2014: 1). Information can be obtained that this hypothesis is an economic school in fact (Acar, 2005: 367). It was also added that they can request an increase in wages according to by calculating the effects of the declared economic policies on themselves.

It was also stated that economic literacy should also increase for individuals to have rational expectations (Alada, 2007: 1). So, assuming a tax deduction policy is applied, this should be an estimate that the government may create a reduction in income and reflect it on the labor market as additional taxes in the future. Of course, it is a very important concept for the whole society that every individual has such high economic predictions, but, since it is not possible to educate everyone at such a good level, trade unions should inform the labor market about these developments.

Another of the issues evaluated in this hypothesis is the assumption that individuals will not make a systematic mistake in creating their prospective predictions (Sariipek and Kesici, 2010: 17). Since everyone's expectations will be similar in this way, situations such as being offside in the economic forecasting are less likely to occur.

When this hypothesis is evaluated in terms of the priorities of the current study, it is a positive point in terms of qualified structuring and organized movement of the labor market. When evaluated in terms of regional economic policies, this hypothesis is considered to be a prospective rational decision in trying to develop all parts of the country equally. Since the emergence of economic crises will affect mostly the labor market, it is important to take rational measures to prevent this from occurring.

As a result, this hypothesis is observed to be defended in schools that are considered to be classical schools of economics. It was also observed that also the Monetarists did not dissent this theory. It was also determined that the New Keynesian school focused on this view (Saydam, 2009: 239). After all this information, the fact that the whole community should have equal opportunities for education and should be able to express their expectations rationally is a very important condition for the continuation of the economic system. Considering that it is far from rationality for a person, who works 5 months for a mobile phone, to realize this shopping, it is thought that if developing countries give more importance to this issue, this will make important contributions for themselves.

4.2 Aggregate Supply Hypothesis

This hypothesis is claimed to have been put forward by the Orthodox classical school, and it was argued that the market's supply shortage can be avoided by making the decisions taken by the employer and the employee at optimal levels in a rational context. It was stated that labor supply depends on real wages and that this is an important issue for the protection of production efficiency (Sariipek and Kesici, 2010: 22).

It was stated that if the current real wage realized meets the expectations, the employees will tend to increase their income by working harder, or to make themselves free time. Since it was assumed that the aggregate supply will be stable and the economy will balance itself, this contradicts the rational expectations hypothesis with issues such as wage reduction until full employment happens.

Since they consider unemployment emerging with falling wages as voluntary unemployment, individuals will be ensured to continue to work without considering their reduction in savings. However, since it causes small interventions to start to have an impact on the economic system, this situation appears as a triggering factor for economic crises. When evaluated in terms of regional policies, it was understood that regional economic policies will be given importance to increase aggregate supply and prevent voluntary unemployment. When this situation is evaluated in terms of the labor market, this means that employment security is not compromised.

4.3 Nominal Rigidities

It was seen that, as a result of the mobility within the economic system causing a fluctuation in both wages and prices, the nominal wages and prices appear to vary and that both the employer and the employee endeavor to optimize their interests in realizing this (Saydam, 2009: 239). It was thought that these reasons would be appropriate in evaluating the rigidity of prices and wages for the labor market.

4.3.1 Nominal Price Rigidity

Indicating the fact that the company will have to cover the nominal cost of not reflecting the increase incurred to ensure the continuation of sales if fluctuations that increase costs occur or the prices tend to increase with the shrinking of demand, this concept can have a major impact on the economic system (Alkan and Alkan, 2018: 33). When encountered such a situation, it was observed that after the price is kept constant nominally, target costing studies such as reducing the dimensions of the product is made.

4.3.2 Nominal Wage Rigidity

As in the price rigidities, when developments that negatively affect the purchasing power of the labor force are experienced, it is seen that the standards of life begin to decrease (Saydam, 2009: 247). When the causes of this situation are examined,

it was evaluated that issues such as long term labor contracts, issue of trust, transaction costs, and unemployment insurance are considered to be effective.

4.3.2.1 Long Term Labor Contracts

When signing labor contracts, this is shaped by assumptions related to the prospective expectations, the economic picture formed in the past, and the extent to which the labor market demands can be met by the employer. However, when inflation figures start to be achieved above the prospective expectations, a long-term labor contract can create a negative situation for employees (Kök ve Şimşek, 2012: 1). In this case, the nominal wages of the labor market decrease and the perception of welfare is tarnished.

4.3.2.2 Issue of Trust

There is a two-way impasse between the employee and the employer in terms of getting the earned income and obtaining the efficiency equivalent to wage in return. Employees aim to earn higher wages in return for their labor, while employers, on the other hand, aim to reach higher efficiency in return for their wages. Thus, a bilateral confidence crisis occurs (Pehlivan, 2011: 38). It is hoped that premium-based pricing and providing the money in return for their labor to the employee as soon as possible can make important contributions to this issue.

4.3.2.3 Menu (Transaction) Costs

Although it seems to be an element that has lost its validity in today's conditions regarding the regulation of prices and wages, it was evaluated that transaction costs, such as paper and ink, may lead to nominal rigidity regarding price changes (Saydam, 2009: 248). However, to apply this approach in today's conditions, it is necessary to concentrate on issues with transaction costs. It was considered that thanks to the updating of this view, the evaluation of the constraints regarding the

transaction volumes applied in banks can make an important contribution to the literature (Sarıpek and Kesici, 2010: 28).

4.3.2.4 Unemployment Insurance

Current unemployment rates in contracts between the labor market and employers are important criteria for the nominal value of labor to decrease or remain constant (Gencer and Birol, 2014: 3; Yüceol, 2005: 506). However, in countries where unemployment insurance is effective, this appears to be a situation in favor of the labor force (Işığçok and Emirgil, 2009: 14). But since this will be considered as voluntary unemployment, it brings important burdens in terms of economic and social insurance systems (Saydam, 2009: 241).

4.4 Real Rigidities

The real rigidities that emerged with the criticism of the fact that nominal rigidities are shaped based on the assumptions are capable of producing more effective results compared to the nominal rigidities (Sarıpek and Kesici, 2010: 25).

4.4.1 Real Price Rigidity

As the marginal costs of goods produced decrease, prices decrease. When evaluated under market conditions, it was understood that this is an issue that should be reflected in prices when the decreasing costs increase (Sarıçoban, 2012: 162). Again, when evaluated in market conditions, it was seen that customers and sellers are required to conduct intensive market research to find each other. Thus, the situation that is called the intensive market externality happens and individuals should consider issues such as increasing the costs they spend to find each other (Şenalp, 2007: 45). However, the determination of price by the market cannot compensate for these additional costs incurred.

Again, when evaluated in market conditions, the sellers cause price rigidity as they adopt a policy of not reflecting the fluctuations in the markets to prices for the

purpose of customer retention. Similarly, it is also an issue to consider that the factors related to whether the related profit will increase or decrease as a result of fluctuations in demand depend on future projections and that these will never contain precise information (Tutar and Demiral, 2007: 65). In this context, trying to balance the effects of fluctuations in capital markets in prices is among the points evaluated. Finally, it was evaluated that, if an understanding in the manner of 'a decrease in price will decrease the perception of quality' is dominant in the company, this may also cause price rigidity (Sarıpek and Kesici, 2010: 29).

4.4.2 Real Wage Rigidity

Wage rigidities are generally encountered when the unemployment rate is high in the labor market (Saydam, 2009: 239). It was evaluated that real wage rigidity may occur since, under market conditions, no party tends to change their position without any compulsion.

4.4.2.1 Implicit Contract Model

In this matter, which generally arises when legal regulations increase the tax liability, the employer and the employee make an implicit agreement along with an express agreement (Sarıpek and Kesici, 2010: 29; Bildirici, Bakırtaş and Karbuz, 1998: 15). While wage rigidity occurs, on the other hand, they think that they have an advantage in matters related to tax liability. When litigation related to violation of labor laws comes into question, both parties become responsible and suffer great losses.

4.4.2.2 Effective Wage Theories

It was observed that these models, which are based on the realization of expectations between employees and employers and the meeting of optimal expectations, are generally interpreted as high wages increase productivity (Saydam, 2009: 239; Çetin and Bakırtaş, 2014: 173; Pehlivan, 2011: 93). In this context, it was

deemed appropriate to discuss the models such as adverse selection, abstaining from work, labor turnover, and prosperity.

4.4.2.2.1 Adverse Selection Model

This model, which is shaped by the assumption that high wages will attract qualified personnel to the company, emerges as a model defending the fact that, among the people applying for itself, the company will recruit the staff it deems to be the best for itself. It was stated that the recruitment of qualified personnel in return for high wages will cause the costs related to auditing to decrease and efficiency to increase (Küçükefe, 2017: 33; Çetin and Bakırtaş, 2014: 174; Kök and Şimşek, 2012: 11; Doruk and Şahintürk, 2010: 9). Since it attracts qualified employees, a high price is deemed to be useful (Uyanık, 2008: 214).

4.4.2.2.2 Labor Turnover Model

Labor turnover refers to the situation arising from leaving the work by the employees and recruitment of employees, and this is very important for the efficiency of the company. Since the time it takes for new employees to get used to the work is thought to cause low efficiency, it was stated that the company should try to keep the turnover low by high wages (Yüceol, 2005: 505; Güver and Ünal, 2007: 141). Thus, the company can increase its image by decreasing its labor turnover rate. It is known that the Japanese act responsibly in this regard (Güner ve Ünal, 2007: 140).

4.4.2.2.3 Abstaining from Work Model

According to this approach, which is based on an assumption that human beings are opportunistic by their nature and that he does not hesitate to evaluate this opportunity when he gets the chance, individuals tend to abstain from work when they find the wage low. It is stated that this can be prevented by the firms' commitment to pay high wages (Bildirici, Bakırtaş and Karbuz, 1998: 7). It was also added that also the threat of dismissal may be useful in this regard.

4.4.2.2.4 Prosperity Model

In this model, departing from the fact that the efficiency of the labor force is uncertain and the efficiency of the machinery and equipment is certain, it was recommended to create remedial incentives other than wages, in the manner of ensuring the labor force to devote themselves to their works (Saripek and Kesici, 2010: 32).

4.4.2.3 Insiders-Outsiders Model

There are two sides to this model. The current employees of the company represent the insiders, while those who are unemployed and seek a job represent the outsiders (Saydam, 2009: 255). In cases where labor costs increase with the rise of wages and where there is no wage rigidity, the firm accepts the onboarding expenses of the outsiders by dismissing the insiders. However, to prevent outsiders from coming in, the insiders accept the low wages and continue to work (Kablamacı, 2011: 54). Thus, in terms of the labor market, it was stated that once one becomes an outsider, it becomes a pretty difficult matter to be an insider again (Bildirici, Bakırtaş and Karbuz, 1998: 17).

4.4.3 Coordination Failure

It was seen that in this concept, which is an important issue that will change even macroeconomic equilibrium, actors in the market tend to act on their nominal demand, wages and price predictions and when it comes to situations such as incompatibility with other actors, the labor market was adversely affected from this (Perktaş, 2014: 483; Sevinç, 2011: 42). In case the expectations are not met, with the decrease in production, the exchange cost of labor decreases, while its cost increases. For this reason, it was seen that economic actors should work in a coordinated manner with each other after rationally establishing their expectations (Filiz and Tutar, 2007: 69).

4.4.4 Hysteresis Effect and Unemployment

To live in a system, individuals and societies try to relieve the reaction by bringing their previous experiences together, and by doing this gradually, rather than surviving the changes suddenly (Ercan, 2012: 6;). Departing from this information, it was evaluated that in the hysteresis approach, unemployment is associated with past current figures and that the effect value will be higher in reaching the optimum point for each improvement made in current unemployment (Bildirici, Bakırtaş and Karbuz, 1998: 17). It was claimed that, thus, NAIRU, the natural unemployment rate, would be equilibrated. This view, which suggests that unemployment will be sooner or later equilibrated in the society, emphasizes that efficiency-related sensitivity lowers the individual's abilities and cause them to become unemployed, outsiders will remain unemployed since insiders do not reduce their wages, and institutional precautions should be taken to prevent this from happening (Sarıipek and Kesici, 2010: 21).

In this section, where the conceptual framework related to the labor market is discussed, information about the development, actors and important concepts of the labor market was introduced. In the next part of the study, it was planned to present information about regional economic policies. When evaluated in terms of the priorities of the current study, it was seen that the labor market includes elements such as both affecting and being influenced by anti-crisis policies and regional economic policies. It was planned to introduce wider information on this subject in the discussion part of the study.

5 CONCEPTUAL FRAMEWORK ON REGIONAL ECONOMIC POLICIES

When the developments in the global framework are evaluated, countries appear to be in great competition regarding development. We experience the days when the countries that have completed their development have an impact on the whole world with the concentration of capital.

Inequalities between regions are considered as an issue that indicates that the economic system is not working properly (TÜSİAD, 2008: 14). Thus, the development of the regions' parts that are believed to be productive more becomes possible. Therefore, while a part of the society lives in the information age, the disadvantaged class has to follow the developments from behind. This fact leads to tarnishing of the social justice mechanism and the use of development differences in the regions against the country.

Regional economic policies make significant contributions to the coequally spread of welfare in the country. It is thought that this will cause individuals with equal rights and opportunities in each region to be more cautious about events with negative social consequences such as migration. Thus, the economic potential of the country will be brought to light and since a performance close to full employment would be achieved, unemployment and negative situations caused by this will be prevented (Doğan ve Yıldız, 2007: 148). High unemployment means that in the country, more burden will be imposed per employee in terms of social insurance. Besides, unemployed individuals not only economize, but also prevent the liquidity that the economy will need, by consuming the existing savings (Sevinç, 2011: 47). Also, the criminal intent of unemployed people increases and it also leads to undesirable situations such as terrorism.

When all these negative situations are evaluated together, thanks to regional economic policies, cities will be protected from migration-induced adverse effects. In this part of the study, the concept of regional economic policies will be addressed in the context of the labor market and anti-crisis policies under the research's priorities. In this regard, firstly, regional economic policy theories will be evaluated in the context of

Neo-Classical and endogenous growth models. Then, the conceptual framework related to development economics will be shared and the concept of economic geography will be highlighted. Finally, the concept of regional development will be examined within the scope of new approaches.

5.1 Regional Economic Policy Theories

Although there are different theories developed in terms of regional policies in the economic literature, it was stated that most of them are complementary to each other or there are contradictory aspects (TÜSİAD, 2008: 19). In this part of the study, Neo-Classical and endogenous growth models will be examined.

5.1.1 Neoclassical Growth Model

In this growth model developed by Solow independent from geography, it was claimed that in the event of providing improvement in the per capita quota, capital formation, and technological infrastructure, also growth will be achieved (Kaya, 2008: 42; Kutlu and Horvath, 2017: 104). Since growth through capital movements has been decreasing continuously with the concentration of capital, growth through technological developments is thought to have more significant effects. The fact that the countries keeping up with this after the industrial revolution increased their level of development is an example of this. Since it is assumed that all countries will complete the technological revolution sooner or later, it is thought that countries' development differences can be solved in this way.

It was also claimed that the fact that the backwardness of the regions will be taken into consideration by governments while developing, can turn into an advantage for these regions. When evaluated within the current developments, the fact that backward countries started to change global balances along with access to technology shows their effects, as in the examples of China and South Korea.

5.1.2 Endogenous Growth Theory

Technological development is given importance in the endogenous growth model, too, as in the Neo-Classical model. Departing from the fact that Neo-Classic thought considers technology acquisition to be external and assumes that the country will remain dependent on other countries; this theory, which was shaped by the views of Romer and Lucas, defends that technological developments are carried out by internal elements (Saydam, 2009: 242; Çetin and Bakırtaş, 2014: 174). It is thought that income will be balanced along with the decrease in development disparities between regions in the long term and market balancing, and per capita income rate will no longer make sense.

However, when this view is considered in the context of the concentration of capital and when evaluated in terms of initial capital formation for both countries and regions, it means that those behind would be disadvantaged. In this context, it was envisaged that governments can manage economic policies related to regional development by implementing encouraging measures.

To reduce these developmental differentiates, it is required to establish regional development agencies and to take steps for development by analyzing the needs of the region. It is possible to come across studies examining the duties and powers and activities of development agencies established in this context in Turkey (Akiş, 2011: 237; Tutar and Demiral, 2007: 65; Tekin, 2011: 1; Keskin and Sungur, 2010: 1).

Although it contains externalities in terms of capital, it is thought that this theory will decrease the developmental differentiates with its long term operation. Besides, since it includes carrying out studies to determine the economic potential of the regions, it also enables the emergence of strategically important regions.

5.2 Development Economics

Endogenous and Neo-Classical growth models complement the points that each other left open. However, these issues were frequently discussed in development economics, which is a sub-discipline of economics. It was argued that economies of scale can continue to grow sustainably thanks to efficient use of resources and the risk

of economic crisis can be reduced by balancing expenditures thanks to savings (Topçu, 2015: 124). On the other hand, since this approach envisages that individuals and firms will exhibit rational behavior with all market actors, it can fall short of explaining issues such as consumer behavior, investment decisions, and government policies. This understanding, which considers the market as a machine, claims that the parties working properly depending on action and reaction will constantly grow the economy. But when it comes to situations like rent, development economics has difficulty in explaining this. When the capital pours in the place where rent is available, as development economics causes governments to explain incentive policies, it brings additional costs to the economic system.

Pursuant to this understanding, there will be a balancing process by evaluating the regional spread of the elements used as a source of raw materials and ensuring the exchange between them. However, as in commodity prices, since the production of elements that require more labor will be costly, it comes into question that these regions become disadvantageous.

Besides, the fact that the issue of concentration of capital and following the income may negatively affect development among regions is explained by Myrdal through cumulative causation. What countries should do in these conditions is, when there are no problems with cash assets, to keep the balance to increase the economic benefits of the regions, and to make disadvantaged regions more attractive in terms of capital that follows the income (TÜSİAD, 2008: 25; Gencer and Birol, 2014: 7; Bilen and Yumuşak, 2008: 5).

As a result, when development economics is evaluated in the current business cycle, it contains much useful information. The whole theory states that since the concentration of production in a region polarizes there, it can provide development. Therefore, it is thought that the creation of organized industrial zones, specialized industrial zones, and technology development zones can contribute to local development.

5.3 Concept of Economic Geography

It is stated that classical and Keynesian schools often develop approaches that ignore where the companies are located (TÜSİAD, 2008: 26). However, given that companies are open systems, it is observed that geographical advantages are also used to step forward in the competition. In this case, it is considered that developmental differentiates between regions are usual.

While the evaluation of the situation as normal indicates that the regions should be evaluated differently in terms of economic policies, it is also envisaged that balancing them can provide significant economic benefits. When evaluated in today's cycle, while high value-added products are produced in the center countries, low value-added products are produced in the periphery countries (Üzar, 2017: 282). Thus, developmental differences between regions became to be triggered.

It was observed that this fact requires firms in regions that are geographically defined as periphery countries to take measures such as providing a competitive advantage with the cluster. Besides, it was envisaged that regions that increase their impact value by constantly acquiring new markets in the marketing of their products globally will become more priority than others. Since this theory includes the advantage in foreign trade and diplomacy, regions should provide an advantage to both the national economy and themselves as soon as possible, by increasing their effectiveness in foreign markets through reducing development differences.

However, geography, along with the great advantages it brings, also causes great difficulties. For example, Turkey takes place in a position that can geographically affect a significant part of world trade. Thanks to the tight fiscal discipline policies implemented in conjunction with foreign capital investments, which came during the years when it used this advantage, it makes growth sustainable. But, Turkey's closeness to the Middle East, nearly a boiling cauldron, increases many security risks, especially terrorism. In fact, the main reason for the regions close to the region to fall behind in development is the security risk. This case causes the government to spend for security more, it also retards investments, on the other hand. It is hoped that this can be reversed with the recent tight security policy and technological developments and that the region will benefit the economic system as much as the other regions.

As a result, it shows that economic geography is not just a location-related decision, it should be discussed along with sociological, psychological and diplomatic issues. In this way, the potential of the regions will be revealed, and it will be possible to eliminate the factors, including unemployment, that prevent social welfare.

5.4 New Approaches in Regional Development

Since the regional economic policies developed for regional development by both classical and Keynesian schools are not sufficient to explain the current business cycle, the assertion of the concept of economic geography means accepting development differences between regions. Therefore, it was planned to clarify this issue with new approaches.

The theories to be developed in this context must take into account some priorities. The first of these priorities is the evaluation of development with its side effects. While increasing the development level of the region prevents migration with the absence of population movements from the region, the region's becoming attractive shows that the region can develop further. It is thought that, thus, investments made for the development of the region, along with their side effects, may also create side effects in terms of the economic climate.

Besides, it was envisaged that a regional economic policy, in which regions will interact with each other, may produce more effective results. Since the spread of production will reduce transportation costs between locations, the economic development of the regions will be easier (Keskin and Sungur, 2010: 14).

Since the income level of individuals will increase in the developed areas as a result of side effects to some extent while applying regional economic policies, sectoral diversity should also be envisaged. Thus, a developing sector will increase the demand in the secondary and other sectors. Again, when evaluated in this context, the fact that the prominent region causes population movements from others will make the region more attractive. However, it is important to keep the balances between regions in this regard. Yet, if the region develops more than desired due to the lockout effect, it should

be taken into consideration that other regions cannot keep up with it (Arıcıoğlu, 2011: 39).

Effectively coordinating the incentives to be applied within this scope will promote development on the desired issues. Thus, for promoting an unrelated sector, the selection effect should also be considered. When evaluated in terms of clustering, ensuring the effective distribution of clusters may also cause all sectors of the country to change places or leave the country.

By evaluating all these priorities together, a planning study should be carried out within the framework of comparative and absolute advantages. It is important to implement the regional economic policies aimed at preventing development differences between regions by evaluating the advantages of the region. Since ensuring clustering on sectors of interest will highlight concepts such as pre-competitive cooperation, it will multiply the success of regional economic policy with side effects.

When examined in this context, regional economic policies should be strategically structured in a way to take into account the competitive advantages of the region and to ensure sustainable development (Karagöz, 2012: 10). At the same time, along with the analysis of regional effects at the macro level, local and human resources must be evaluated on-site and its marketing must be planned and realized in a way that it will open to foreign markets (Aydın, 2008: 307).

In this part of the study, the conceptual framework related to regional economic policies was examined and it was seen that this can be achieved by collating technological advantage with the location. When evaluated in terms of the priorities of the study, it was understood that when an endogenous growth model is adopted, a competent and qualified labor market should be created to reveal the technology (Perktaş, 2014: 479). Besides, since resolving issues such as income injustice in regional economic policy and preventing the concentration of capital will turn individuals towards making savings, it also reduces the risk of economic crisis.

But, delaying or underestimating the realization of the technological revolution required to be effective in foreign markets will bring the risk of crisis and cause negative effects on both capital and labor markets. It is understood that both political

and diplomatic moves should be continued in a way that the country can develop as a whole and the regions can escape their competition risks (Ercan, 2012: 11).

The next section of the study is based on summarizing the conceptual framework regarding anti-crisis policies. In this context, it was planned to evaluate the concept of crisis, its causes, and solutions within the priorities of the current study.



6 METHODOLOGY OF ECONOMETRICS

6.1 OECD: State Aids, Employment, and Income:

As part of the framework of Western organizations developed after World War II, the Organization for Economic Cooperation and Development (OECD) was developed. The Organisation, to support and rehabilitée the economies of western Europe after the Second World War, to help distribute US and Canadian financial assistance, which at the time amounted to about \$12 billion, under the Marshall Plan and to further improve trade payments among European countries through liberalization in 1947-1960. It dedicated to building greater economic co-operation and development policy. Its purpose is to form policies that promote prosperity, equality, chance, and prosperity for all. In cooperation with governments, policymakers, and people, it works to create international standards based on evidence and to identify solutions to a number of social, economic and environmental challenges. It provides a unique platform and knowledge base for data and analysis, exchanges of views, best practice sharing and guidance on public policy and international standards, ranging from enhancing economic performance and creating jobs to promoting strong education and combating international tax evasion (OECD, 2020).

The OECD has no special obligation to ensure international financial cooperation, to provide loan or other financial support, or to liberalize trade, as is the case in the IMF, World Bank or WHO, within the context of multilateral negotiations. However, the OECD can be described as one of the key and leading institutions for the management of the global economy and can analytically discuss issues that gain significance globally. The OECD is basically an intergovernmental economic advisory body. In line with the findings of empirical studies it has undertaken, it informs the Member States on the problems on the agenda put by or that have come to light due to developments in the world economy in different aspects of economic life. This Recommendation is finalized by negotiations between the secretariat and the official representatives of the Member States and can be referred to as “soft law” (OECD, 2020).

The objectives of the OECD attached to the statutes are: Improving the living standards of the people in the member countries where financial stability is simultaneously preserved and especially in developing countries, support and assistance to the policy that ensures continuous and balanced economic development, eliminating unemployment; Awakening economic expansion policy and supporting socio-economic coordinated development; Supporting the development of multilateral and non-discriminatory world trade in accordance with international obligations.

The countries that are members of the OECD or have requested membership to this organization have adopted the following three principles as indispensable values in socio-political and economic life: Democracy; Commitment to human rights and citizen freedom. These principles also serve to achieve the above-mentioned objectives. On the one hand, the OECD contributes to the strengthening of these principles in the member countries, on the other hand, it promotes its principles in non-member countries (OECD, 2020).

The OECD study 'Government on a Home 2017' offers an opportunity to review existing government profiles in OECD countries. The report provides an insight into what types of activities governments emphasized, particularly in the face of the 2008 global crisis, during the recovery process and at which points they are different. Some governments have tried to counter the impacts of the crisis in the light of rising unemployment and economic inequality by increasing their social services share, while some have tried to reduce their financial burden by reducing the number of jobs in the government sector.

As of 2007, the public spending ratio in social services has risen from 18.3 to 21 percent of GDP in OECD countries in the general assessment. Although not quite high, this means that the recession has an impact rather than a decrease on increased public expenditure. The proportional rise in public spending can be understood as not disturbing the basic services, such as social protection, health, and education, that the State must provide. In the period following 2007, an increase in expenditure on social services found for Turkey. However, the share of social services spent on GDP in 2007 increased to 13.5% from 11.1% in Turkey in 2014 but remained below the OECD

average. The OECD countries, Mexico, South Korea and Chile ranks fourth after the study with respect to social- services spending ratios of GDP

Governments tended to limit the share allocated to public spending by attempting not to interrupt fundamental services which could adversely impact the satisfaction of people because of political concerns. Despite Turkey 's regular rise in low interest rates, the share of public investment in GDP decreased to 3.2% in 2015 over the whole of the OECD in 2007 to 4.1%. Eastern European countries, such as Hungary (6.7%), Slovakia (6.4%) and Estonia (5.2%), were the countries which had the highest public investment in relation to GDP, primarily benefiting from the EU's Structural Funds. It was 2.9%, the ratio in Turkey was around the average. Although almost a third of the OECD's government investments concentrate on transport and electricity, a considerable portion of the expenditure of the defense industries, like 15 per cent, was allocated (Dogrulukpayi, 2017).

The highest employment rate among the Member States, reported in Iceland, the lowest rate of employment in Turkey, according to the OECD data. According to the OECD, the workers aged between 15 and 64 years worked 82.7% in Iceland, followed by 80.5% in Switzerland; 78.2% in the Netherlands and 77.9% in Japan.

Table 6-1 OECD Employment Rates and Levels (15-64)

	2015	2016	2017	2018	2008	2018			2019			Thousands
					Q2	Q2	Q3	Q4	Q1	Q2	Q3	Q3 - 2019
OECD - Total	66.3	66.9	67.7	68.4	66.5	68.4	68.5	68.6	68.7	68.7	68.9	573,484
Major Seven	69.1	69.9	70.6	71.3	69.7	71.3	71.4	71.6	71.7	71.8	72.0	345,497
European Union	65.6	66.6	67.6	68.6	65.7	68.5	68.7	68.8	69.0	69.1	69.3	226,025
Euro area	64.5	65.4	66.3	67.3	65.8	67.2	67.4	67.6	67.8	67.9	67.9	148,022
Australia	72.2	72.4	73.0	73.8	73.3	73.6	73.7	74.0	74.1	74.2	74.4	12,326
Austria	71.1	71.6	72.2	73.0	71.0	73.0	73.1	73.2	73.4	73.5	73.5	4,273
Belgium ⁽¹⁾	61.8	62.3	63.1	64.5	62.3	63.8	64.9	65.0	64.7	65.6	65.6	4,792
Canada	72.5	72.6	73.4	73.8	73.6	73.7	73.8	74.1	74.2	74.5	74.5	18,198
Chile	62.4	62.2	62.7	62.6	57.2	62.9	62.4	62.4	62.4	62.4	62.7	7,816
Czech Republic	70.2	72.0	73.6	74.8	66.7	74.8	74.9	75.2	75.3	75.1	75.1	5,144
Denmark ⁽¹⁾	72.0	72.7	73.2	74.1	76.6	74.1	74.2	74.4	74.6	74.8	75.1	2,782
Estonia	71.9	72.1	74.1	74.8	70.1	74.7	74.7	75.8	74.8	74.7	75.7	634
Finland	68.6	69.1	70.0	72.1	71.2	72.1	72.1	72.7	72.7	72.7	73.0	2,487
France	63.8	64.2	64.7	65.4	64.9	65.2	65.4	65.6	65.5	65.5	65.2	26,610
Germany	74.0	74.7	75.3	75.9	69.8	75.7	76.0	76.2	76.4	76.7	76.8	40,989
Greece	50.8	52.0	53.5	54.9	61.5	54.8	55.2	55.6	55.9	56.5	56.7	3,825
Hungary	64.0	66.5	68.2	69.3	56.3	69.2	69.3	69.5	70.1	69.9	70.1	4,429
Iceland	84.7	86.5	86.1	85.1	84.4	84.2	85.7	85.5	85.4	84.4	82.7	189
Ireland ⁽¹⁾	64.8	66.4	67.7	68.7	70.3	68.6	68.8	68.9	69.6	69.2	69.3	2,231
Israel	68.3	68.6	69.0	69.0	60.0	69.0	69.0	68.9	69.3	69.0	68.8	3,733
Italy	56.3	57.3	58.0	58.5	58.8	58.7	58.6	58.6	58.8	59.0	59.1	22,688
Japan	73.4	74.4	75.3	76.9	70.9	76.8	77.0	77.3	77.5	77.6	77.9	58,337
Korea	65.9	66.1	66.6	66.6	64.1	66.6	66.5	66.6	66.7	66.7	66.9	24,592
Latvia	68.1	68.7	70.1	71.8	69.2	71.7	72.5	71.9	71.7	72.0	72.7	872
Lithuania	67.3	69.4	70.4	72.4	64.6	72.0	73.5	72.9	73.0	72.9	72.9	1,318
Luxembourg ⁽¹⁾	66.2	65.6	66.3	67.1	63.9	66.5	66.9	67.9	67.6	68.4	67.9	288
Mexico	60.7	61.0	61.1	61.5	61.2	61.6	61.6	61.6	62.0	62.2	62.2	52,058
Netherlands	74.2	74.8	75.9	77.2	75.0	76.9	77.5	77.8	78.0	78.1	78.2	8,694
New Zealand	74.3	75.6	76.8	77.4	75.0	77.5	77.9	76.8	77.4	77.5	77.4	2,467
Norway	74.8	74.3	74.0	74.8	78.1	74.9	74.8	75.0	75.0	75.1	75.7	2,632
Poland	62.9	64.5	66.1	67.4	59.0	67.4	67.5	67.6	67.7	68.0	68.4	16,088
Portugal	63.9	65.3	67.8	69.7	68.3	69.7	70.0	69.9	70.1	70.2	70.8	4,662
Slovak Republic	62.7	64.9	66.2	67.6	61.8	67.2	67.9	68.2	68.5	68.2	68.4	2,540
Slovenia	65.2	65.9	69.3	71.1	68.1	70.9	71.4	71.9	72.1	72.2	71.5	963
Spain	57.8	59.6	61.1	62.4	65.1	62.3	62.6	62.9	63.1	63.3	63.2	19,528
Sweden ⁽¹⁾	75.5	76.2	76.9	77.4	74.5	77.4	77.4 ^(b)	77.4	77.3	77.1	77.0	4,931
Switzerland	79.2	79.6	79.8	80.1	79.5	79.7	80.5	80.3	80.3	80.5	80.5	4,523
Turkey	50.2	50.7	51.6	52.0	45.2	52.1	52.1	51.3	50.7	50.0	50.1	27,169
United Kingdom	72.7	73.5	74.1	74.7	71.8	74.6	74.6	74.9	75.1	75.1	75.0	31,313
United States	68.7	69.4	70.1	70.7	71.3	70.7	70.7	71.0	71.1	71.2	71.5	147,363

b: Break in time series

Turkey, which ranked last at 50.1% at a low rate of jobs, Greece was second with 56.7%, Italy ranking in third with 59.1%. Turkey was reported in the third quarter as a 67.9% job rate for men in the 15-64 age group, and 32.2% for women. The OECD average job creation in the third quarter of 2019 was 68.9%, while in the EU it was 69.3% (Politikyoil, 2020).

Economic inequality is at its height for the past half century in the OECD nations. The average income of 10% of the workforce is nearly nine times that of 10% of the population in the OECD compared to 7% 25 years ago. The disparity has dropped only in Turkey, Chile and Mexico, but the income of the wealthiest is still more than 25

times the revenue of the poorest in those two latter countries. The global downturn has made inequality more urgent. The middle classes have entered in many societies confusion and perceptions of social degradation and exclusion. In several nations, the arrest of the movement towards growing inequality has become a priority for policymakers (OECD, 2020).

A sustaining cycle of strong economic growth has led to the raising of millions from absolute poverty in emerging economies, including China and India. However, the gains of growth were not evenly distributed and high income inequities have continued to increase. Only Brazil has managed to substantially reduce inequality among the diverse emerging economies, but the difference between rich and poor is about five times higher in the OECD countries (OECD, 2020).

The OECD analyzes developed and developing economies' patterns in inequality and poverty. It looks at the drivers of increasing inequality, such as globalization, technological change in skills and shifts in policy approaches in countries. And it assesses the efficiency and effectiveness in reducing poverty and fostering more equitable development of a wide range of policies including education, labor and social policy (OECD, 2020).

6.2 PREVIOUS WORKS

Economists studied over unemployment, inflation, foreign direct investment, GDP, Population and social aids to answer the major questions of economic problems. In the assessment of the studies, its topics, scope, methods, and findings were examined and its contribution to the current study was evaluated. At this stage of the research, significant findings were obtained to carry out the current study and it was provided to use these findings to create both methodology and research suggestions that can contribute to the literature in the future.

Bai and Ng (2004), in their study “A Panic attack on unit roots and cointegration” develop a new methodology that makes use of the factor structure of large measured panels to understand the nature of nonstationarity in the data. They refer to it as PANIC-Panel Analysis of Nonstationarity in Idiosyncratic and Common

components. PANIC can detect whether the nonstationarity in a series is pervasive, or variable-specific, or both. It can determine the number of independent stochastic trends driving the common factors. PANIC allows valid pooling of individual statistics and thus panel tests can be constructed. A distinctive characteristic of PANIC is that it tests the unobserved components of the data instead of the observed series. The key to PANIC is coherent prediction of the space spanned by the unobserved common factors and the idiosyncratic errors without knowing a priori whether these are stationary or integrated processes. They provide a meticulous theory for estimation and inference and show that the tests have good finite sample properties.

Another research was done by Darby and Melitz (2008). In their paper “Social spending and automatic stabilizers in the OECD” they have exploited detailed data from the OECD Social Expenditure Database along with the national accounts aggregates from the OECD Economic Outlook Database in order to reassess the extent and composition of automatic stabilization. They found that automatic movements in health spending, pensions, incapacity benefits and sick pay are evident along with unemployment compensation. This result was only to be expected in the case of superannuations, and need not arouse surprise in the cases of health spending, incapacity benefits and sick pay. Perhaps the stabilizing nature of the cyclical movements of health spending, incapacity benefits and sick pay could not have been foreseen.

They have already pointed to several directions of further research. But in closing, they would like to mention two more. There has been a Keynesian perspective. They have supposed aggregate desired spending to be the fundamental consideration in automatic stabilization. In addition, they have limited themselves to estimates of the effects of the cycle on net government surpluses and have not gone on to explore the impact of these surpluses on aggregate demand. Clearly some important general equilibrium issues therefore are left pending. As Caselli observes in his discussion, the different spending responses to the cycle that they introduce could have varying effects on aggregate demand. More significantly, as he also proposes, there could be supply-side effects. The cyclical adjustments in retirement pay, invalidity pay and sick pay could mean wider cyclical movements in employment than would have occurred in the absence of the compensation, and if

so, the stabilizing properties of the additional sources of spending would be weakened. They wish to add a separate ground for scepticism about the welfare benefits from a strict welfare perspective. Automatic stabilizers are generally conceived as a social benefit. But this ceases to be obvious if automatic stabilization depends largely on health care, retirement age and the propensity to claim incapacity for work. From the standpoint of smoothing lifetime consumption, stable health care is a good. Institutional arrangements that result in variable health care over the business cycle are therefore questionable. It is also dubious policy to subject retirement income to the hazards of the business cycle. Even if the action should stabilize current output it may still not smooth individual lifetime consumption. Needless to say, inducing long-term exits from the labour force for temporary reasons can do harm. The sources of automatic stabilization that they found in discussion could thus worsen social welfare. To their mind, this heightens the significance of results.

Furceri (2010), in his study “Stabilization effects of social spending: Empirical evidence from a panel of OECD countries” aims to assess the ability of social spending to smooth output shocks and to provide stabilization. The results show that overall social spending is able to smooth about 15 percent of a shock to GDP. Among its sub-categories, social spending devoted to old age, Health and Unemployment are those that contribute more to provide smoothing. Thus, the stabilization effects of social spending are significantly larger in those countries where the size of social spending is higher, and in countries in which social spending is less volatile. The empirical results are economically and statistically significant, and robust.

Lee (2000), “The robustness of Okun's law: Evidence from OECD countries” evaluates the robustness of the Okun relationship based on postwar data for 16 OECD countries. While Okun's law is statistically valid for most countries, the quantitative as opposed to qualitative estimates are far from uniform. Estimates are also sensitive to the choice of models, including the first-difference and the “gap” specifications, the relevant data for the latter are constructed alternatively from the HP filter, the Beveridge-Nelson decomposition procedure, and the Kalman filter based on the NAIRU framework. There is mixed evidence of asymmetric behavior, but strong evidence of

structural breaks occurring around the 1970s, after which time most countries began to experience a smaller output loss associated with higher unemployment.

Muscatelli and Tirelli (2001)'s paper "Unemployment and growth: some empirical evidence from structural time series models" investigates the empirical relationship between unemployment and growth in a number of OECD economies. A structural time series model is used for labour productivity growth to demonstrate that, in most economies, there seems to be a negative correlation between unemployment and labour productivity growth. The results provide little support for the theory that recessions may stimulate productivity growth. The use of a structural time series approach allows an attempt to model the underlying dynamics of productivity growth jointly with the effect of unemployment.

The paper "General diagnostic tests for cross-sectional dependence in panels" of Pesaran (2004) proposes simple tests of error cross section dependence which are applicable to a variety of panel data models, including stationary and unit root dynamic heterogeneous panels with short T and large N . The proposed tests are based on average of pair-wise correlation coefficients of the OLS residuals from the individual regressions in the panel, and can be used to test for cross section dependence of any fixed order p , as well as the case where no a priori ordering of the cross section units is assumed, referred to as $CD(p)$ and CD tests, respectively. Asymptotic distributions of these tests are derived and their power function analyzed under different alternatives. It is shown that these tests are correctly centred for fixed N and T , and are robust to single or multiple breaks in the slope coefficients and/or error variances. The small sample properties of the tests are investigated and compared to the Lagrange multiplier test of Breusch and Pagan using Monte Carlo experiments. It is shown that the tests have the correct size in very small samples and satisfactory power, and as predicted by the theory, quite robust to the presence of unit roots and structural breaks. The use of the CD test is illustrated by applying it to study the degree of dependence in per capita output innovations across countries within a given region and across countries in different regions. The results show significant evidence of cross dependence in output innovations across many countries and regions in the world.

Phillips and Sul (2003)'s study "Dynamic panel estimation and homogeneity testing under cross section dependence" deals with cross section dependence, homogeneity restrictions and small sample bias issues in dynamic panel regressions. To address the bias problem authors develop a panel approach to median unbiased estimation that takes account of cross section dependence. The estimators given here considerably reduce the effects of bias and gain precision from estimating cross section error correlation. This paper also develops an asymptotic theory for tests of coefficient homogeneity under cross section dependence, and proposes a modified Hausman test to test for the presence of homogeneous unit roots. An orthogonalization procedure, based on iterated method of moments estimation, is developed to remove cross section dependence and permit the use of conventional and meta unit root tests with panel data. Some simulations investigating the finite sample performance of the estimation and test procedures are reported.

The solutions offered in this paper to address these issues start with the use of median unbiased estimation procedures for estimation, testing and confidence interval construction. On the whole, the new estimation methods work well to correct for bias and reduce variance, accounting for cross section dependence in conditions (viz. correct specification, no additional regressors, and Gaussianity) that might be described as 'ideal' for these methods. When conditions are not 'ideal', for example when the distributional assumptions underlying the median function are incorrect, other bias correction methods such as those based on higher order expansions may be useful. The present analysis is useful in calibrating how well such methods can work in relation to the median unbiased approach.

On the other hand, the present paper shows that Wald tests for homogeneity suffer from unacceptable size distortions even under ideal conditions, including stationarity. They have therefore proposed a modified Hausman test for homogeneity that utilizes a pooled panel MUE estimator that is asymptotically efficient under the null, in conjunction with MUE estimates that are robust to heterogeneity and moment based estimates of the cross section dependence parameters. Simulations indicate that this homogeneity test, whose limit distribution is chi-squared, works well except in cases where N and T are both small.

Moon and Perron, B. (2004). Testing for a unit root in panels with dynamic factors. This paper studies testing for a unit root for large n and T panels in which the cross-sectional units are correlated. To model this cross-sectional correlation, They assume that the data are generated by an unknown number of unobservable common factors. They propose unit root tests in this environment and derive their (Gaussian) asymptotic distribution under the null hypothesis of a unit root and local alternatives. They show that these tests have significant asymptotic power when the model has no incidental trends. However, when there are incidental trends in the model and it is necessary to remove heterogeneous deterministic components, They show that these tests have no power against the same local alternatives. Through Monte Carlo simulations, They provide evidence on the finite sample properties of these new tests.

6.3 METHODOLOGY OF ECONOMETRICS

The OECD includes both developed and developing countries. Countries implement various policies in labor markets and encounter various results. Therefore, in this study, it was planned to do very comprehensive research in both unit and time dimensions by selecting panel data instead of cross-section or time series.

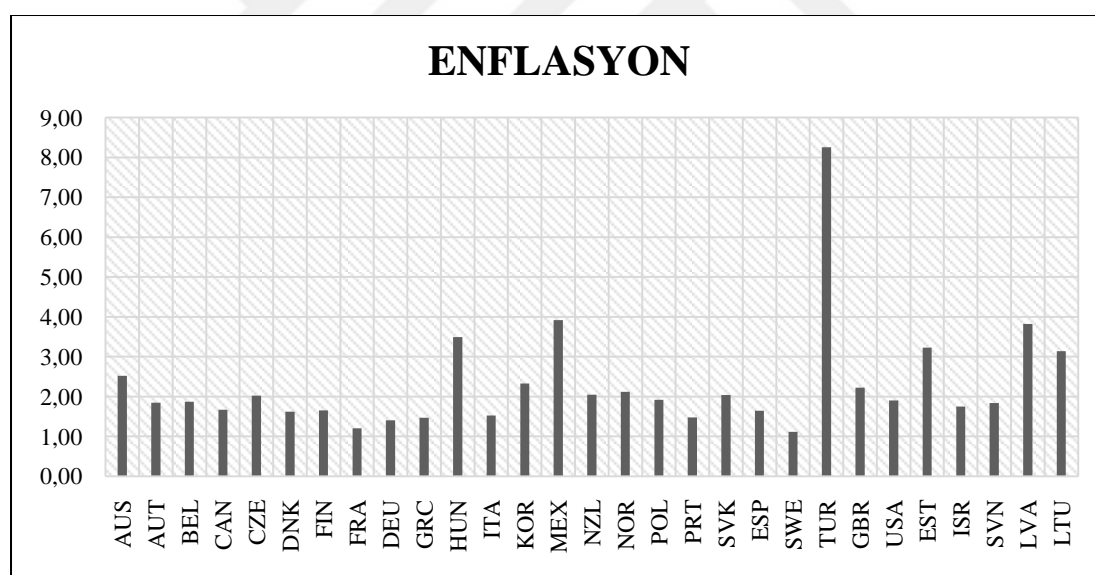
In this part of the study, the impacts of unemployment on selected macroeconomic indicators will be investigated. In this context, the period between 2006-2016 was taken as the basis, with the OECD countries in the focus. Using the annual data of 29 countries selected from the OECD, variables assumed to have an impact on unemployment will be analyzed with the help of panel data analysis. The reason for including these 29 countries in the study was the availability of data on the variables to be used and facts to explain unemployment. In this context, of the OECD countries, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, the United Kingdom, Hungary, Italy, South Korea, Mexico, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Switzerland, Turkey, Greece, the United States, Estonia, Israel, Slovenia, Lithuania, and Latvia are included in the analysis. The selection of the optimum will be made depending on the findings and the econometric models will be included.

The variables used in the study are as follows:

Inflation: Inflation is usually measured using the Consumer Price Index (CPI), which is defined as the price change of a basket of goods and services purchased by a particular family group. Inflation is measured using annual growth rates and the total distribution of food, energy, and the total of food and energy that are not included in the 2015 base year index.

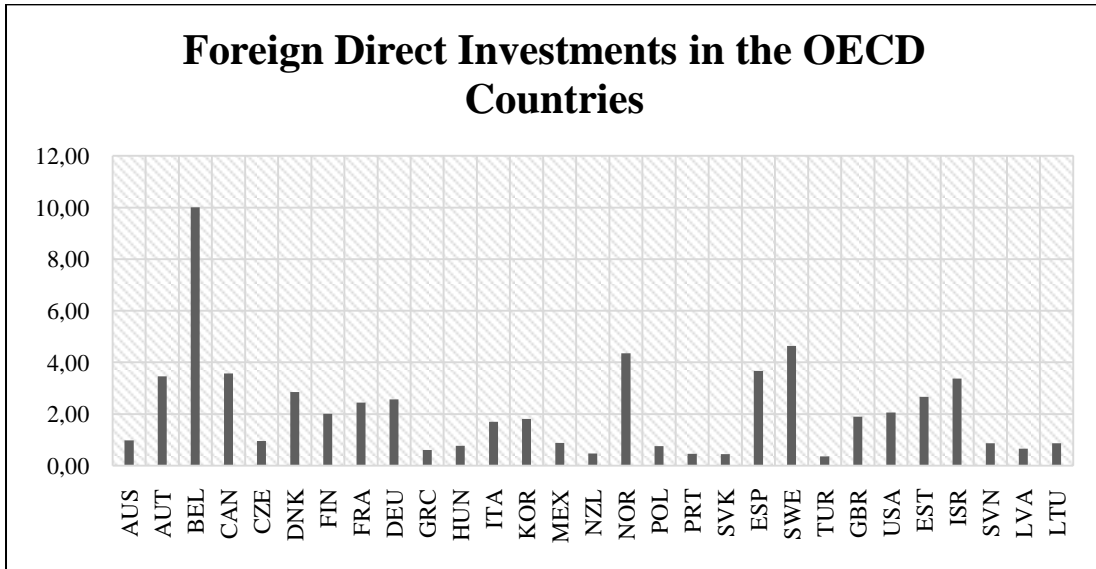
The CPI is a set of fixed price estimates that are a set of collective measures of proportional changes in the quality of consumer goods and services acquired, used, or paid for by a reference group over a period of time. Each underlying composite index is estimated by using a price sample, which is a defined set of goods and services obtained from a particular point of sale or other sources of consumer goods and services in a particular region or by residents of a particular region.

Figure 6-1 Inflation in the OECD Countries



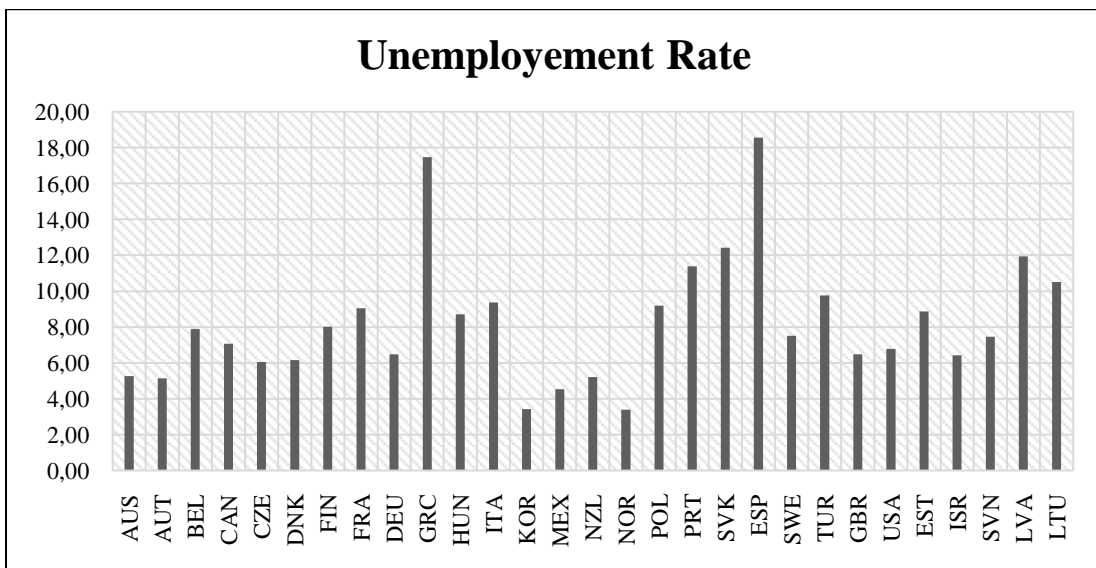
Foreign Direct Investments: Foreign Direct Investment (FDI) flows are indicators by which the value of cross-border transactions related to direct investment is recorded over a period of time, usually within a quarter or a year. Financial flows consist of equity transactions, i.e. reinvestment of earnings and transaction of debt between companies. Foreign direct investments are measured in US dollars and proportioned to GDP. On the other hand, the indicator of foreign direct investments creates stable long-term links between economies.

Figure 6-2 Foreign Direct Investments in the OECD Countries



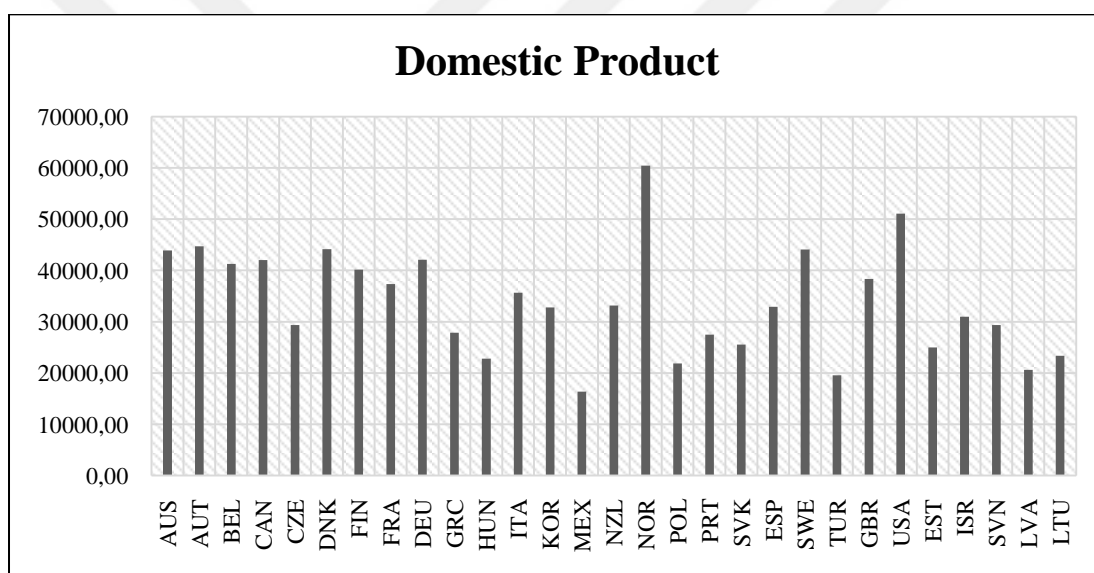
Unemployment Rate: The word unemployed is the name attributed to people of working age who are available to work and have taken specific steps to find employment. Unemployment is measured by estimates of unemployment rates that are more internationally comparable than estimates based on national definitions. The labor force is defined as the total number of individuals those unemployed and those employed. The relevant indicator is calculated as the number of unemployed individuals as a percentage of the labor force and is seasonally adjusted.

Figure 6-3 Unemployment Rate in the OECD Countries



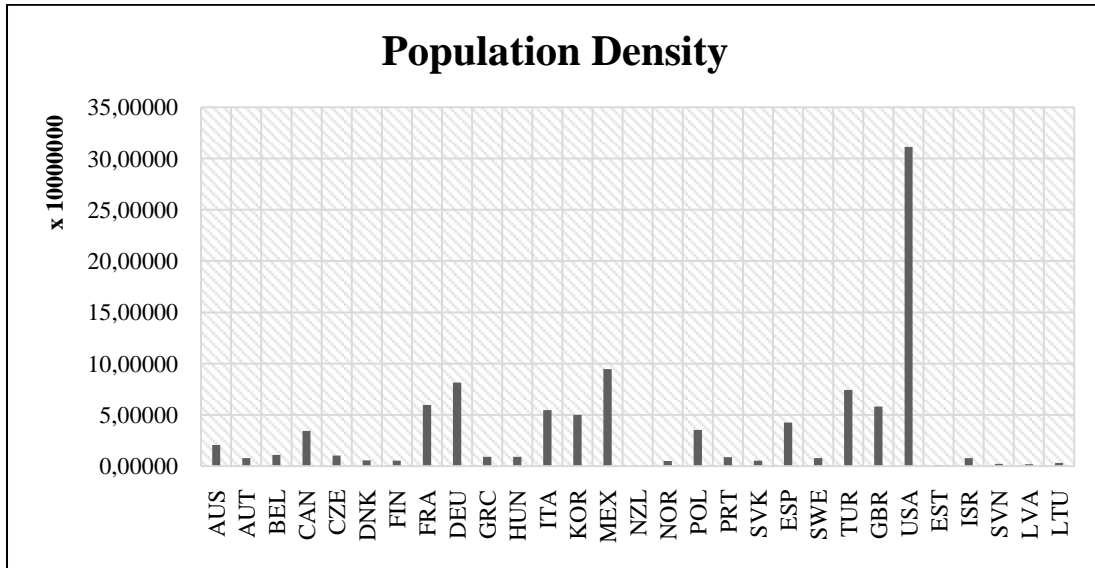
Domestic Product: The gross domestic product (GDP) is the standard measure of the added value created by the production of goods and services in a given period in a country. Therefore, it also measures the income from production or the total amount spent on final goods and services. While the GDP is the single most important indicator for capturing economic activity, it falls short of providing an appropriate measure of people's financial well-being for which other alternative indicators may be more appropriate. All OECD countries compile their data according to the 2008 System of National Accounts (SNA).

Figure 6-4 Domestic Product of the OECD Countries



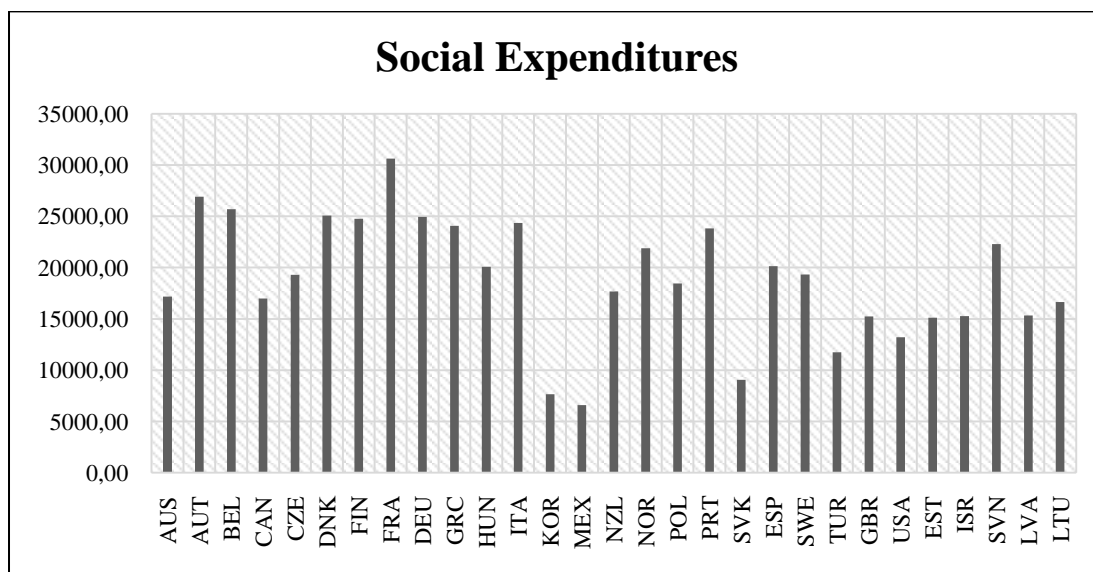
Population: Population is defined as the total of all citizens, including those temporarily residing in another country, and foreigners permanently settled in that country. The growth rate indicator is the annual changes in the population due to births, deaths, and net migration over a year. The total population includes national armed forces stationed abroad, seafarers trading in the sea, diplomatic staff abroad, civilian foreigners residing in the country, and displaced persons (e.g. refugees) residing in the country. Excluded are foreign armed forces personnel stationed in the country, foreign diplomatic personnel located in the country, and civilian foreigners in the country temporarily. Population estimates are a common demographic tool. They provide a basis for other statistical estimates, helping governments make decisions.

Figure 6-5 Population Density of the OECD Countries



Social Expenditures: Social expenditure consists of cash benefits, direct in-kind goods and service provision, and social tax deductions. It can target low-income households, the elderly, the disabled, the sick, the unemployed or the youth. In order for programs to be considered 'social', they must involve either the redistribution of resources among households or mandatory participation. Social benefits that are not provided by the government are considered private. Private transfers between households are not considered 'social' and are not included. Net total social spending includes both public and private spending. It also explains the impact of the tax system with direct and indirect taxation and tax deductions for social purposes. This indicator is measured as a percentage of GDP or US dollars per person.

Figure 6-6 Social Expenditures of the OECD Countries



The definitions of variables used in the study are presented in Table 1. All variables were obtained from the OECD database on an annual basis. Unemployment was included as a dependent variable in proportion to the labor force. Inflation was chosen as the growth rate and foreign direct investments and social expenditures were chosen as proportional to the GNP. National product was selected in terms of per capita income and in dollars. Finally, the population variable was included in the model in a manner to show the total population. After this stage, unemployment, national product, population, and social expenditures were analyzed with a logarithmic scale due to the large series. For this purpose, descriptive statistics of the logarithmic scale data are presented in Table 2.

Table 6-2 Representation of Variables

Variable	Definition	Criteria
CPI	Inflation	Growth Rate / %
FDI	Foreign Direct Investments	Foreign Investment / Ratio to GDP %
UEMP	Unemployment	Ratio to Workforce / %
GDP	Domestic Product	Per Capita / US Dolars
POP	Population	Total Population
SOC	Social Expenditures	Ratio to GDP / %

Table 6-3 Descriptive Statistics

	CPI	FDI	LNUEMP
Min	-1.736	-12.943	0.915
Max	15.402	17.018	3.313
Mean	2.296	2.099	2.006
Std. Error	2.372	3.195	0.461
	LNGDP	LNPOP	LNSOC
Min	9.511	8.386	1.834
Max	11.112	19.593	10.380
Mean	10.375	16.167	9.293
Std. Error	0.340	1.927	1.970

6.3.1 PANEL DATA ANALYSIS

There are three series models used for econometric modeling. These models are grouped as time series, cross-section series, and panel data. Time series consist of the values of one or more variables observed in a certain time period. Second, the cross-section series consists of data collected from many samples in a fixed or the same time period. Finally, panel data consists of data belonging to a certain time period from many various samples.

The main reason for the preference of panel data was highlighted by Hsiao (2005) and Hsiao (2006). According to these, panel data analysis is more effective in modeling complex human behaviors than single cross-section or time series. Therefore, as structures that put restrictions on human behavior, it is more appropriate to measure institutions with panel data. Deaton (1995) has emphasized the importance of panel data analysis for the growth process. Also, if the individual variables are positively autocorrelated, data analysis allows more appropriate measurements of total variations.

Baltagi (2005) listed the benefits and important features of using panel data analysis as follows:

- It enables individual heterogeneity to be controlled. Panel data show that individuals, companies, states, and countries are heterogeneous. Time series, on the other hand, carry the risk of obtaining biased results by not controlling heterogeneity.
- Panel data provide more informative data, more variability, less linearity between variables, more degrees of freedom, and more efficiency. Multicollinearity problem is frequently observed in time-series studies. This problem is not encountered as the cross-section size adds a lot of variability by adding more informative data on price and income. However, since the panel data contains more detailed data, more reliable parameter estimates can be produced.
- Panel data can better examine the adaptation dynamics between variables. For example, unemployment rates, job turnover, and housing and income mobility work better with panels. Panel data are also well suited for analyzing the duration of economic situations such as unemployment and poverty. For comparison, when measuring unemployment, cross-sectional data can only estimate how much of the population is unemployed at a given moment.
- Panel data models allow us to build and test more complex behavioral models compared to pure cross-section or time-series data.
- Micro panel data collected from individuals, companies, and households can be measured more accurately than similar variables measured at macro level. Prejudices arising from clustering on firms or individuals can be reduced or eliminated.
- The macro panel data has a longer time series and, in contrast to the problem of the nonstandard distribution specific to typical unit-root tests in time-series analysis, this indicates that the panel unit root tests have standard asymptotic distributions.

While there are many benefits to using panel data analysis, it also has important limitations. These limitations compiled by Baltagi (2005) are as follows:

- Data Collection Problems and Data Design
- Measurement Errors

- Selectivity Problems
- Short Time Series
- Cross-Section Dependence

6.3.2 PANEL DATA ANALYSIS MODELS

6.3.2.1 Fixed Effects Model

One way to take into account the 'individuality' of each firms or each unit segment is to allow the crossing to vary for each firms, but still assume that the slope coefficients are constant across firms. In this context, the model is formed as follows (Gujarati, 2003: 642):

$$Y_{it} = \beta_{1i} + \beta_2 X_{2it} + \beta_3 X_{3it} + u_{it} \quad (1)$$

Equation number 4 is known as the fixed effects model (FEM) in the literature. The term 'Fixed Effects' derives from the fact that, although the intervention may differ between individuals (there are 4 examples in the equation), the intervention of each individual does not change over time. To put it more clearly, it does not change over time (Gujarati, 2003: 642).

The fixed-effects model is a linear regression model in which the intercept terms vary across separate units (Verbeek, 2004: 345).

$$y_{it} = a_i + x'_{it} \beta + \varepsilon_i, \quad \varepsilon_i \sim IID(0, \sigma_\varepsilon^2) \quad (2)$$

It is generally assumed that all x_{it} are independent of all ε_{it} . This can be written in the normal regression framework by adding a dummy variable for each unit i in the model:

$$y_{it} = \sum_{j=1}^N a_j d_{ij} + x'_{it} \beta + \varepsilon_{it} \quad (3)$$

According to the equation, if $i = j$ or 0, then $d_{ij} = 1$. Thus, the model has a set of N dummy variables. The parameters $\alpha_1, \dots, \alpha_N$ and β can be estimated by ordinary least squares in Equation (6). Additionally, β is specified as a least squares dummy variable (LSDV) estimator. In this case, where too many indicators are used, a_i individual effects need to be observed when estimating for β :

$$\bar{y}_i = a_i + \bar{x}_1' \beta + \bar{\varepsilon}_i \quad (4)$$

$$y_{it} - \bar{y}_i = (x_{it} - \bar{x}_i)' \beta + (\varepsilon_{it} - \bar{\varepsilon}_i). \quad (5)$$

This is a regression model used for deviations from individual effects and does not include individual α_i effects. As in Equation (8), the transformation that produces observations by deviating from individual tools is named the *within transformation*. The OLS estimator for β obtained using this transformed model is named the within estimator or the *fixed effects estimator*.

6.3.2.2 Random Effects Model

In the random-effects model, the individual effect is a random variable that is unrelated to the explanatory variables. Below are the assumptions for the random-effects model (Schmidheiny, 2019: 2):

- **Unrelated effects**

$$E[c_i | X_i, z_i] = 0 \quad (6)$$

This assumes that the individual effect is a random variable unrelated to the explanatory variables of all the past, present, and future time periods of the same individual.

- **Effect Variance**

a) $V[c_i | X_i, z_i] = \sigma_c^2 < \infty$ (Homoscedastic) (7)

b) $V[c_i | X_i, z_i] = \sigma_{c,i}^2(X_i, z_i) < \infty$ (Heteroscedastic) (8)

It assumes that the individual specific effect according to equations 5 and 6 is constant and it is with non-constant variance.

- **Identifiability**

Identifiability assumes that the equation containing a constant is not exactly collinear, has a non-zero constant variance, and does not have many outliers.

It can be observed that the unobserved individual heterogeneity, however formulated, is unrelated to the variables included (Greene, 2003: 285).

Based on these definitions, the random-effects model can be written as follows:

$$y_{it} = a + x'_{it} \beta + z'_i \gamma + v_{it} \quad (9)$$

$$i=1, \dots, N \quad t=1, \dots, T$$

The comparison of fixed and random effects according to all the elements explained is as follows (TARİ, 2015: 492):

- Even in the case where the random-effects model is considered valid in a series, the fixed effects model estimators may not be effective despite the consistency. If all possible factors that do not change with depending on time are in correlation with independent variables, the fixed effects estimator can be preferred over the random effects estimator. Because when there is no correlation with the ε_i or a_i bağımsız değişkenlerle korelasyon ilişkisi olmadığı durumda rassal independent variables, the random-effects model estimator is consistent and effective.
- If there is a correlation between a_i and explanatory variables, the fixed effects model estimator is consistent and effective, while the random effects model estimator becomes inconsistent.
- The difference is taken under the assumption that unobservable variables differ in time dimension along the fixed cross-section. If it varies at a constant time dimension throughout the cross-section, the differences are taken from the mean. Therefore, parameters can be deviating and inconsistent.
- The generalized least squares estimator is the weighted average of the between-group and within-group estimators. The within-group estimator takes into account the time variation of the observations for each section, while the between-group takes into account the time variation between cross-section observations.
- The Hausman test tests the assumption of whether a_i or ε_i are correlated with independent variables for the choice between the fixed-effects model or the random-effects model approach. If a_i is correlated with independent variables, the fixed-effects model is consistent and the random-effects model is inconsistent.

- Pooled OLS has a consistent estimator feature if the unobservable effect a_i has no correlation with the independent variables. In most applications, the delta method is applied for the difference, since a_i is constant in time dimension and correlates with independent variables.
- Between-group estimator a_i is biased when correlated with independent variables. However, this estimate neglects the information on how the variables change over time.
- If the time dimension of the panel data is greater than the cross-section size, ie long panel, there is little difference between the fixed effects model and the random-effects model estimators.
- If the time dimension of the panel data is smaller than the section size, i.e. short panel, the estimators obtained in the case where the random-effects model is valid will be more effective than the fixed effects model.
- Likewise, if the cross-section is larger than the time dimension, the estimators are consistent but the fixed effects model estimator for the cross-section is not consistent.
- Unlike fixed effects, random-effects take into account factors that do not change with time and fixed effects cannot be directly observed with these factors.

6.3.2.3 The Hausman Test (1978)

Hausman (1978) proposed a test in which x_{it} and a_i were unrelated in the null hypothesis and presented a comparison for the choice between Fixed effects and Random effects.

The fixed-effects model in panel data analysis is a widely used model that is ideal in terms of statistical properties. However, if the random-effects model gives more effective results than the fixed effects model, the random-effects model should be used. Therefore, it may be necessary to determine a more effective model between the two. Both models are consistent but differ in their effectiveness. In the literature, the

Hausmann test is used to choose between the fixed-effect model and the random effect model for the mentioned model (Baltagi, 2001: 20).

The rejection of the null hypothesis in the Hausman test shows that the coefficients obtained from the random-effects model are the same as those obtained from the fixed effects model, and the fact that the fixed effects model cannot be rejected shows that the random-effects model gives more effective results (Bayraktutan and Demirtaş, 2011: 9).

As mentioned above, the Hausman (1978) test is used to choose among the estimators of the panel data model. One of the most important differences between the fixed effects model and the random-effects model is whether unit effects are related to independent variables. If there is no relationship between them, the random-effects model will be more effective. Using this information, a choice can be made between the within-group estimator of the fixed effects model and the generalized least squares (GLS) estimator of the random effects model (Uluyol and Türk, 2013: 377).

The best choice to be made between the random effects model and the fixed effects model, via the Hausman Test, is to investigate whether the parameters of both models are in relation to individual effects or unobservable effects. Hausman test statistics displaying chi-square distribution are as follows (Tarı, 2015: 494):

$$(\hat{\beta}^{FE} - \hat{\beta}^{RE})' [Var(\hat{\beta}^{FE}) - Var(\hat{\beta}^{RE})]^{-1} (\hat{\beta}^{FE} - \hat{\beta}^{RE}) = \chi_k^2 \quad (10)$$

- **Null hypothesis (H₀)** is, “There is no correlation between explanatory variables and unit effect”. In this case, since both estimators are consistent, it is expected that the difference between the fixed and random effects estimators will be very small. Since the random effects estimator is more effective, it will be more convenient to use.
- **Alternative Hypothesis (H₁)** is, “There is a relationship between explanatory variables and unit (specific) effects”. In this case, the estimator of random effects should deviate and the difference between estimators is expected to be large. For this reason, the fixed effects model should be preferred because it is consistent.

6.3.3 CROSS-SECTIONAL DEPENDENCE

Finding and testing cross-sectional dependence between econometric series is of great importance before starting panel data analysis. Various approaches are used to test cross-sectional dependence. It is mainly tested in the literature by Breusch and Pagan (1980) LM test and Pesaran CD test (2008):

The Breusch-Pagan LM (1980) test is used when the time dimension is larger than the cross-section size ($T > N$). Pesaran CD (2004) test is used when the time dimension is greater than the cross-sectional dimension and the cross-section dimension is larger than the time dimension ($T > N$, $N > T$). However, the tests in question can produce biased results when the group mean is zero and the individual mean is different from zero. Pesaran et al. (2008) corrected this deviation by adding variance and mean to the equation and obtained a new equation (Mercan, 2014: 235):

$$LM = T \sum_{i=1}^{N-1} \sum_{j=i+1}^N \bar{\rho}_{ij}^2, \quad \chi^2 N(N-1) / 2 \quad (11)$$

Under the null hypothesis, it is argued that the LM test has a chi-square asymptotic distribution with $N(N-1)/2$ degrees of freedom and there is no relationship between cross-sections. According to the equation, the LM test is valid when N is small and T is large enough (Breusch & Pagan, 1980). In other words, it is valid when the cross-sectional dimension of the time dimension is larger than N .

CD test statistic developed by Pesaran (2004) is an improved version of the LM Test. Here, there are cases where N and T are large. The test statistics are shown as follows (Pesaran et al. 2008):

$$CD = \sqrt{\frac{1}{N(N-1)}} \left(\sum_{i=1}^{N-1} \sum_{j=i+1}^N T \bar{\rho}_{ij}^2 - 1 \right) \quad (12)$$

According to the equation, where $T \rightarrow \infty$ and $N \rightarrow \infty$ it is assumed that there is no cross-sectional dependence. However, when $N > T$ and as N grows, Pesaran (2004) test results in significant deviations. For this reason, the CD test was developed and included in the Pesaran (2008) study. Pesaran (2008) made the following adjustments in the case of $N > T$:

$$CD = \sqrt{\frac{2T}{N(N-1)}} \left(\sum_{i=1}^{N-1} \sum_{j=i+1}^N \bar{\rho}_{ij} - 1 \right) \quad (13)$$

Then, the LM test was developed by Pesaran et al. (2008) using the variance and mean of the LM test statistics. $CDLM_{adj}$ can be formulated as follows:

$$LM(\rho)_{adj} = \sqrt{\frac{2}{\rho(2N-\rho-1)}} \sum_{S=1}^p \sum_{j=1}^{N-S} \frac{(T-k)\bar{\rho}_{i,i+S}^2 - \mu_{Ti,i+S}}{\sigma_{Ti,i+S}} N(0,1) \quad (14)$$

μ_{Ti} ve σ_{Ti} show mean and variance, respectively. Under the null hypothesis, LM_{adj} has an asymptotically normal distribution when first $T \rightarrow \infty$ and then $N \rightarrow \infty$ converges. Finally, the hypotheses of the cross-sectional dependence test are as follows:

H_0 : There is no cross-sectional dependence.

H_1 : There is cross-sectional dependence.

6.3.4 PANEL UNIT ROOT TESTS

Panel unit root tests are examined under two groups. The tests in question differ in cases where there is a correlation between units. The first-generation panel unit root tests are applied with the assumption that there is no correlation between units. The second-generation tests, on the other hand, are used to eliminate the weak power of the first generation panel unit root tests in case of inter-unit correlation.

Unit root tests in time series studies have been widely used for many years since Dickey-Fuller (1979). However, the use of unit root tests in panel data dates back to the 1990s. Panel unit root tests mainly investigate whether the errors of dynamic models with fixed effects exhibit random walk or not. Some of the studies involving panel unit root tests are based on fixed effect residuals. The other panel unit root tests are based on different least-squares residuals. Although most of the panel unit root tests are based on the assumption of the independence of cross-sectional units (non-cross-correlation), especially the tests developed in recent years can also take into account the cross-sectional dependence (Nargeleçekenler, 2009: 87).

Second generation unit root tests were developed with the correlation between cross-section units in consideration. In other words, second-generation tests should be preferred when there is a cross-sectional dependency between series. These tests can be listed as Bai and Ng (2004), Moon and Perron (2004), Phillips and Sul (2003), and Pesaran (2007). In this study, the second-generation panel test was preferred by testing the cross-sectional dependence between the series in question.

Pesaran, Cross-Sectionally Augmented Dickey Fuller (CADF) test is applied to the following panel regression model and the stationary properties of the variable are examined using the calculated statistics of the estimated coefficients in the model.

Pesaran (2007) tested the unit root hypothesis depending on the t ratio of the Least Squares estimate of b_i in the CADF regression model. The CADF regression model is as follows (Tülümce and Zeren, 2013: 295):

$$\Delta y_i = a_i + b_i y_{i,t-1} + c_i \bar{y}_{t-1} + d_i \Delta \bar{y}_t + e_{it} \quad (15)$$

according to equation (13):

$$\Delta y_i = y_{it} - y_{i,t-1}$$

$$\bar{y}_t = N^{-1} \sum_{i=1}^N y_{it} \quad \text{ve} \quad \Delta \bar{y}_t = N^{-1} \sum_{i=1}^N \Delta y_{it}$$

With the t ration show as $t_i(N, T)$, it is derived from each CADF model for each i unit of the panel. The cross-sectionally augmented version of the IPS test (CIPS) is as follows (Pesaran, 2007):

$$CIPS(N, T) = N^{-1} \sum_{i=1}^N t_i(N, T) \quad (16)$$

The null hypothesis is based on the assumption that not every series in the panel is stationary.

6.3.5 FINDINGS

The 29 OECD countries that were handled as a result of the theoretical explanations regarding the panel data analysis were analyzed for the years 2006-2016. While establishing panel data models, basic assumptions should be made for regression models.

First, cross-sectional dependence was tested and the results are presented in Table 3. Looking at the table, the null hypothesis "There is no cross-sectional dependence between series." is statistically rejected at the 1% significance level. Therefore, it was concluded that there is a cross-sectional dependence in all the series considered.

Table 6-4 Cross-sectional Dependence Findings

Variable	CD-test	p
LNUEMP	23.780	0.000***
LNGDP	54.700	0.000***
LNPOP	8.600	0.000***
LNSOC	10.810	0.000***
Variable	CD-test	p
CPI	42.960	0.000***
FDI	10.320	0.000***
UNEMP	21.880	0.000***

Note: ***, **, * shows that the test values that are significant at a 1%, 5% and 10% level, respectively.

Depending on whether there is a cross-sectional dependence in the units that make up the panel, in panel data analysis, the next step is the unit root test, which is used to determine its stationarity. Unit root tests are divided into two as first-generation and second-generation panel unit root tests for panel data analysis. In the first generation panel unit root test, it is assumed that the horizontal parts forming the series are independent of each other, that is, it is assumed all units are equally affected by a unit forming the series. The second generation panel unit root test is based on the assumption that each unit may not be affected by the influence of a unit forming the panel in the same way.

In this respect, it is generally accepted that first-generation panel unit root tests will not give reliable results in the case of cross-sectional dependence between the units forming the panel. In this case, the second generation panel unit root test allows for

cross-sectional dependence between the units that make up the panel. The purpose of all these steps is to establish the most efficient and unbiased model. In this context, due to the presence of cross-sectional dependence in Table 3, the second generation unit root test, the Pesaran, CADF test was applied in the study, and the results are presented in Table 4.

Table 6-5 Unit Root Test Results

	CONSTANT	CONSTANT & TREND
	CIPS Test Statistics	
LNUNEMP	-0.938	-1.214
LNGDP	-1.427	-1.747
LNPOP	-2.9**	-2.372*
LNSOC	-2.407*	-2.409*
CPI	-2.424*	-2.124*
FDI	-2.757**	-2.894**
	5%	1%
CIPS Critical Value Constant Model	-2.25	-2.45
CIPS Critical Value Constant and Trend Model	-2.76	-2.96

Note: ***, **, * shows that the test values that are significant at a 1%, 5% and 10% level, respectively. Test values are given in the lower column of the table and the lag length is determined according to the Schwarz information criterion.

The panel unit root test described in the previous section was applied to the model and reported as in Table 4. According to the CIPS unit root test, it is concluded that the LNUEMP (unemployment) and LNGDP (domestic product) variables are Difference-Stationary and the LNPOP (population), LNSOC (social expenditures), CPI (inflation), FDI (foreign direct investment) variables are Stationary.

Table 6-6 Fixed Effects Test Results

Dependent Variable				
d.LNUEMP				
	Coefficient	Std. Error	T statistics	P>t
DLNGDP	-3.151	0.199	-15.810	0.000***
LNPOP	-0.010	0.011	-0.880	0.378
LNSOC	-0.002	0.004	-0.490	0.623
CPI	0.018	0.004	4.310	0.000***

FDI	-0.001	0.003	-0.380	0.707
CONSTANT	0.257	0.188	1.360	0.173

Note: ***, **, * shows that the test values that are significant at a 1%, 5% and 10% level, respectively.

Table 6-7 Random Effects Test Results

Dependent Variable				
d.LNUEMP				
	Coefficient	Std. Error	z statistics	P>z
DLNGDP	-3.067	0.185	-16.540	0.000***
LNPOP	-0.009	0.004	-2.260	0.024
LNSOC	-0.002	0.004	-0.400	0.692
CPI	0.019	0.003	5.780	0.000***
FDI	-0.002	0.002	-0.710	0.477
CONSTANT	0.229	0.076	3.000	0.003

Note: ***, **, * shows that the test values that are significant at a 1%, 5% and 10% level, respectively.

Table 6-8 Hausman Test Statistics

	Coefficients	Std. Error	Prob.
LNGDP			
D1.	-6.218	-0.083	0.072*
LNPOP	-0.018	-0.001	0.010**
LNSOC	-0.003	-0.000	0.002***
CPI	0.017 0.018	-0.001	0.002***
FDI	-0.002995	0.000	0.002***
Chi-Square Statistics	1.86		
Prob > Chi-Square	0.8677		

Note: ***, **, * shows that the test values that are significant at a 1%, 5% and 10% level, respectively.

Fixed effects and random effects estimators were applied and the random-effects model was accepted as the most efficient model. Based on the random-effects model, the basic assumptions (non-constant variance, between-units correlation, and autocorrelation) of the model were continued. Table 8 contains the non-constant variance test results. The non-constant variance test was carried out with the Breush-Pagan LM test, and the null hypothesis was rejected. It was concluded that there was a non-constant variance in the model.

Table 6-9 Non-constant Variance Test Results

Breusch-Pagan LM Test	
W0 = 2.3035233 df(28, 261)	Pr > F = 0.000
W50 = 1.3401069 df(28, 261)	Pr > F = 0.124
W10 = 1.7924987 df(28, 261)	Pr > F = 0.010

The correlation between units, another important econometric assumption, can be tested first using the tests proposed by Pesaran (2004) and then Friedman (1937). As a result of both tests, it was determined that there is a between-units correlation in the model.

Table 6-10 Cross-Section Dependency Findings (Between-Units Correlation)

Between-Units Correlation		
Pesaran Test Statistics	14.234	P = 0.0000***
Friedman Test Statistics	60.002	P = 0.0004***

Note: ***, **, * shows that the test values that are significant at a 1%, 5% and 10% level, respectively.

Within the framework of model assumptions, an autocorrelation test was performed in addition to the model. In this context, Bhargava and Durbin-Watson and the Baltagi-Wu LBI tests were performed and the results are presented in Table 10. According to the findings, test statistics were found to be less than 2 for both tests. Therefore, according to the test statistics in Table 10, the null hypothesis "There is no autocorrelation" was rejected, the alternative hypothesis was accepted, and the autocorrelation problem was reported.

Table 6-11 Autocorrelation Test Results

Autocorrelation	
Generalized Bhargava and Durbin-Watson Test Statistics	1.673

Baltagi-Wu LBI Test Statistics	1.782
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After the econometric assumptions were made, it was observed that there were three basic problems in the model: non-constant variance, between-units correlation, and autocorrelation. For this, the Parks-Kmenta feasible generalized least squares regression (FGLS), which provides more robust estimators and is obtained when AR(1) correlation is allowed, was used. The results are presented in Table 11. In this context, it was observed that the deviations from the assumptions were corrected and more effective results were achieved.

Table 6-12 Parks - Kmenta Estimator / FGLS Estimator

Dependent Variable DLNUEMP				
	Coefficient	Std. Error	z statistics	P > z
DLNGDP	-2.715	0.224	-12.120	0.000***
LNPOP	-0.006	0.006	-1.000	0.319
LNSOC	-0.004	0.002	-1.800	0.072*
CPI	0.002	0.006	0.370	0.710
FDI	-0.002	0.001	-1.480	0.140
CONSTANT	0.220	0.105	2.080	0.037*

When the model results in Table 11 were examined, it was observed that the variables unemployment, domestic product, and social expenditures included in the model created based on the data between 2006-2016 in 29 OECD countries are significant at a 99% confidence level. According to the findings, a 1% increase in national income results in a decrease of -2.715% in unemployment, and this situation is statistically significant. Furthermore, a 1% increase in social expenditures helps reduce unemployment by -0.004% and it is statistically significant. The model created according to these results is explained in detail in the equation below.

$$\text{LNUEMP} = 0.220 - 2.715\text{LNGDP} - 0.004\text{LNSOC} \quad (17)$$

According to the results of the Parks-Kmenta Test, a 1% increase in population and foreign direct investments affects unemployment in the opposite direction, but the findings were not statistically significant.

As a result of the findings obtained, it was observed that all hypotheses established were associated with the literature. For example, when literature is examined, it can be seen that the opposite effect between unemployment and growth was first put forward by Arthur M. Okun in 1962. The theory known as Okun's Law in the literature has been studied and developed over time with various variables. In the literature, there are various studies available examining Okun's Law (Öztürk & Sezen, 2018; Muscatelli & Tirelli, 2001; Lee, 2000; Erdoğan et al. 2019). Furthermore, the relationship between social expenditures and unemployment is also an important issue discussed in the literature (Kanca & Bayrak, 2015; Topal, 2017; Darby & Melitz, 2008; Furcery, 2010).

7 DISCUSSION

7.1 Discussion

This research aims to evaluate the labor market in terms of regional economic and anti-crisis policies in the context of contemporary schools of economic thought. Considering the things that can be done in this context, it was thought that the previous studies on the subject should be examined first. In the comprehensive literature review, both the place of economic thought in the philosophy of science and the works related to contemporary schools of economic thought were examined in depth.

As the labor market, anti-crisis policies, and regional economic policies were among the priorities of the study, it was deemed appropriate to include the available resources on these subjects to the literature review. In the later chapters of the study, the conceptual framework related to these issues was evaluated by considering other priorities, in a way to form the theoretical background.

In this chapter, the views of contemporary schools of economic thoughts in the context of the labor market will be evaluated and discussed within the framework of their views on regional economic and anti-crisis policies. In the last part of this chapter, it is also planned to evaluate the suggestions that can be implemented by academicians and policy makers who will be interested in the subject within the framework of empirical findings.

Firstly, when the findings encountered in the separation of economics from philosophy as a discipline are evaluated, it can be seen that the philosophy of science is inadequate in explaining economic facts. While philosophy focuses more on the social aspects, the discipline of economics is observed to have a more positivist approach (Özel, 2001: 19). However, economic theories are also reported to be accepted over time and then lose their validity (Akkuzu and Alada, 2014: 3). This finding constitutes the starting point of the schools of economic thought.

In this study, in which different schools of economic thought are examined, the emergence of these schools is observed to be due to the fact that they share the same views and originate from the same universities (Sarıçoban, 2012: 157). In this context,

although the views of the schools differ even on some basic issues, they agree that this requires a perspective separate from philosophy.

Thus, it is ensured that the starting point of the schools is understood. When the schools of thought examined within the scope of the study are evaluated, mercantilism is observed to be examined first. Considering the evaluations made within this context, it was determined that mercantilists have an economic construct based on precious metals (Güngör, 2014: 1). While evaluating this view as a positive point, even though it advocates full employment regarding the labor market, it is also evaluated that it claimed that laborers should have enough income to earn a living since the labor market is not seen as a production factor (Urhan, 2011: 179). Being influenced by the views of Malthus, it is seen that the regional economic policy will be shaped accordingly, as it defends that the population should not increase more than the soil can feed (Acar, 2005: 367). Since there is a strong understanding of the state, they anticipate the regulation of the markets in a way to prevent crises. However, it should also be considered that the wrong policies of the heads of the state will leave those places vulnerable to crises.

It is understood that there is an environment dominated by physiocracy after mercantilism. This view shapes the economy through agricultural production, contrary to the views of mercantilism on the foreign trade surplus. Furthermore, it is also observed to argue that the natural order should not be intervened and that the markets will find their own balance (Güngör, 2014: 1). It states that the best form of government is a monarchy and only the monarch should oversee the economic activities (Bilgili, 2015: 25). When examining the representatives of this school in terms of the priorities of the study, it was observed that this school also adopted the view of full employment regarding the labor market. Contrary to mercantilists, their view of labor as a production factor is considered as a positive point. When analyzed in terms of anti-crisis policies, it is understood that crises can be prevented through the continuation of agriculture. However, in situations such as natural disasters or famines, economic crises would be inevitable. When evaluated in terms of regional economic policies, it is understood that there will be an effort for the development of all regions as it is agriculture-based. However, the fact that the productive areas provide job opportunities for more people inevitably causes this view to fail in terms of regional economic policies.

The next school discussed in the study is the classical Orthodox school of economic thought. The industrial revolution that took place in England is observed to have a great impact on the emergence of this school. As a matter of fact, individuals are observed to cause social events as a result of the heavy taxation of agriculture in physiocracy. In addition, the decrease in the added value of agricultural products along with the technology made the school's views acceptable due to its productivity-based nature. The search for efficiency, which started with Adam Smith, continued with Ricardo, Say, and Malthus. Each of these theorists made important contributions to economics literature. It is even stated that the adoption of the views of the representatives of this school is as important to the discipline of economics as following a religion (Öğüt, 2003: 49).

Although the views of this school were acceptable in the conditions of those days, the fact that it was completely shaped by the exchange of goods, and the existence of instruments such as bonds in today's conditions, makes the views of this school obsolete (Özgür, 2008: 51). When evaluated in terms of the priorities of this study, it is observed to have a mechanical prediction of society. Thus, the labor market is evaluated through its efficiency. Also, in the case of unemployment, this school is observed to predict that balance will be gained through a decrease in wages. This is a negative situation in terms of labor markets.

When evaluated in terms of anti-crisis policies, it is understood that this school evaluates the economic system over the full budget. Thus, maintaining the balance between savings and investments prevents an economic crisis. However, the increase in the tendency to save will be the starting point of a crisis as it will bring problems with the increasing population. When evaluated from a regional perspective, it is understood that the economic policy is built on efficiency. As this means that the income of the regions that are close to the market will be high, regional development will become unattainable.

Another school considered within the scope of the research is the Neo-Classical school of economic thought. Although this school agrees with the classics on many issues, it does not accept a concept of value that can emerge from the exchange of goods. Accordingly, it is necessary to focus on the marginal utility of the product for the

customer. It is observed that the representatives of this school pay more attention to the micro-level because of the prediction that markets will balance themselves sooner or later at the macro level. Therefore, they have produced more ideas on population growth, savings, and labor productivity.

When this school is evaluated in terms of this study, it is observed that they place the labor in a more respectable position. They also emphasize the importance of creating social support mechanisms for this to work efficiently. When their opinions about the crises are examined, it can be seen that they adopt the view that the state should intervene when the signs of a deterioration in the markets begin to emerge. When evaluated in terms of regional development, they attach importance to regional economic policies as they foresee measures at the micro-level.

The next school addressed in the study is the Keynesian school shaped within the framework of the views of John Maynard Keynes. Since this school emerged after the Great Depression, it argues that the measures to prevent crises should be resolved by the state through purchases. This issue in itself poses a problem for the private sector. The sectors supported by the giants in the context of regional economic policies put others at a disadvantage in competition.

Furthermore, since the absence of free-market conditions makes the capital constantly abstaining, the money supply makes the public debt stock much higher. As a result, the costs associated with the payment of the public debt stock are reflected in all sectors as additional taxes, and this school, which is seen as the solution of the crisis, becomes the cause of the next one. Although the increase in the job security of the labor market as a result of public procurement creates a welfare environment at first, additional taxes reduce the purchasing power of individuals' salaries. Also, the fact that this school does not like savings and sees the unspent value as a burden causes the economy to shrink.

Monetarism, which is based on the constraint on the supply of money, which is the most difficult issue for the Keynesian school, is another school studied in the study. The view that money is a luxury consumption tool made money more important for the continuation of the economy. According to this school, which is generally shaped within

the framework of Friedman's views, with the capital exclusion effect, money always has a higher value than its intrinsic value, as a result of interest and inflation.

When the views of this school are evaluated in terms of the priorities of the current study, it can be seen that there are positive points for the labor market. According to the representatives of this school, for the money to be spent, a higher amount than the savings has to be reflected in the wages. However, this school also predicts that full employment may not be obtained. Thus, when evaluated in terms of endogeneity and externality, it also seems possible for the labor market to accept low wages. When evaluated in terms of regional economic policies, it is understood that the representatives of this school attach great importance to rent. The money will choose efficient places to earn bigger money. When considered in terms of anti-crisis policies, the fact that the views of this school state that the money left over the savings amount should be spent, reduces the crisis risk. However, with the centralization of capital, money becomes out of reach of some and this will reduce the demand and may cause crises.

Another school considered within the scope of the study is the new classical school. The representatives of this school claim that by adding rational expectations theory to the adaptive expectations theory of monetarism, the market can be managed by predictions. It is considered that this school, which claims that the value of any investment will be much more after its emergence and the economy can grow in this way, will fail if the information used in predictions is biased or incomplete.

When their views on the money supply are examined, unlike monetarists, they argue that the markets should be relieved by printing money rather than doing what the capital dictates. It is thought that the economic crisis that will emerge as a result of the markets becoming pressed for cash will sweep the markets and thus all costs will be rearranged. Although it is thought to be an effective solution in the short term, this certainly creates an environment for unemployment in the long run for the labor market. Although the provision of money for all expenditures for regional development is considered as a factor that will improve the regions, it should be taken into consideration that individuals who are accustomed to purchase and spend more than

their own income may cause social events. As the views of this school definitely anticipate market sweep at a later time, it considers the crisis as inevitable.

Schools following the Keynesian school, such as the New Keynesian school, which contributed to the economics literature with the Philips curve, were also evaluated. When the views of these schools are evaluated in terms of the current study, it is stated that individuals have a lifelong desire to earn income (Bilgili, 2015: 313). This point is taken into consideration as a positive factor in eliminating job security concerns in terms of the labor market. In addition, this school's opinion that portfolio investments should be planned effectively indicates that it is considered as a measure to prevent crises. However, it is also considered that the fact that this school has included foreign trade balances in the equation may create a negative situation in terms of regional development. As a matter of fact, regions that are more prone to foreign trade develop more. Among the schools that follow the Keynesian school, there are also schools with Cambridge University origin which state that investments would create savings.

Similarly, it was determined that the prediction of the New Keynesian school, which accepts natural unemployment, that there will not be a market sweep is negative for the labor markets. However, it is also considered that the views of this school on the development of policies at the micro-level made important contributions to regional economic policies.

In addition to these, there are also economics schools that are built entirely on labor markets. For example, the Post Keynesian school of economics claims that the increase in the value of labor is the main cause of inflation. It is also stated that struggles between social classes are the root cause of crises. This school is considered important in terms of anti-crisis policies, as it embraces development through investments. When evaluated in terms of regional economic policies, investments will be shifted to regions where labor is cheap. However, an organized labor market is seen as a highly undesirable situation by this school.

Similarly, the supply-side school of economics claims that with the decrease in taxes, supply will increase and the tax revenues of the state will thus be higher. It also claims that state purchases increase the public debt stock and individuals rely on public

procurement to supply more. Furthermore, it is observed that increasing transfer expenditures increase the need for taxation. Thus, it is considered that positive developments can be achieved in the labor market in terms of reducing voluntary unemployment and directing individuals to work. When evaluating this situation in terms of anti-crisis policies, it is predicted that the crisis risk will decrease. However, when analyzed in terms of regional economic policies, this shows that if the state does not intervene in private sector investments, investments will be concentrated in areas with high efficiency.

Another school of thought examined in the study is the school of constitutional economics. When evaluated in terms of the priorities of the current study, it can be seen that this school promises an environment where all actors of the economy can keep their expectations at an optimal level. However, it is considered that this school can be criticized for not evaluating the rational expectations hypothesis over existing societies. As a matter of fact, it should be considered that the citizens can express the issues that may be to the detriment of the economic system by using the right of choice, which they have obtained without sufficient awareness.

In the real business-cycle theory, which is based on the knowledge that the demand for the labor market constantly decreases with technology, it is stated that technological developments should form the basis of the economy. Although this is seen as a negative factor in terms of the labor market at the first sight, it is considered as an increase in job security in terms of the qualified labor force. When considered in terms of anti-crisis policies, the continuous increase of productivity with technology is a matter that would increase investments and savings, as it would increase profitability. However, as a requirement of the real conjuncture, choosing areas where profit will be maximized instead of regional development causes this school to be negatively evaluated in terms of regional economic policies.

Finally, the Austrian school of economic thought was considered as an appropriate school to end this chapter in terms of the priorities of the current study. This school focuses on entrepreneurship, subjective values, and market concepts. When evaluated in terms of the labor market, new enterprises mean new employment. It is also stated that the money supply must be high for entrepreneurs to emerge. While this is

considered as an important development for the labor market, it is observed that economic crises are shaped by fluctuations in the market due to the money supply (Şahin and Eren, 2012: 255). Finally, it is observed to be analyzed through marginal benefit in terms of regional economic policies. This shows that rent will occur and equality in development will not be achieved.

When the views of all these schools are evaluated together, it is understood that there is not a view that can fit every environment, and in some cases, there is no school where all opinions can be rejected. When examined in this context, it is evaluated that schools that take into account elements such as job security and full employment in terms of the labor market stand out. Furthermore, in terms of policies aimed at preventing economic crises, policies that are suitable for savings and full budget are considered to produce slow but effective results in the long term. When analyzed in terms of regional economic policies, it can be seen that policies in which micro-measures are adopted in which human capital can be used in-place, rather than areas where all individuals are filled in productive areas, may yield more effective results.

In the next chapter of the study, it is aimed to present suggestions that can be benefited by academicians and policy developers with the support of the empirical findings obtained from the literature review in light of the findings obtained from all these discussions. Thus, in the context of the labor market, the regional economic policies of contemporary economics schools and their policies for preventing economic crises were examined

8 CONCLUSION, LIMITATIONS, AND RECOMMENDATIONS

Intellectual movements emerging with global developments cause changes in the discipline of economics, as in all areas of life. Depending on these developments, economics differs from philosophy, and thinkers agree on some views about economics. Thus, schools of economic thought emerge.

Although these schools sometimes advocate the same views, they have been separated as a result of their dissimilar characteristics. It is self-evident that people adopt different opinions at different times both in the world of ideas and in real life. It is understood that in an environment where societies that cannot adapt to change are lagging behind and countries are classified as developed, developing, and underdeveloped, the only thing that does not change is the change itself.

After the emergence of the situation regarding the school of economic thought, there have been calls for studies to examine the effects of it (Alada, 2007: 1; Barca and Esen, 2010: 1308). Based on these calls, the examination of schools of economic thought through the labor market in terms of anti-crisis policies and regional economic policies was thought to make an important contribution to the literature. Thus, this study aims to examine schools of economic thought in terms of regional and anti-crisis economic policies through the labor market.

For this purpose, firstly, a detailed literature review was carried out. In this context, an in-depth examination of previous studies on the subject was conducted and they were examined in terms of their topics, scope, methods, and findings. In line with the findings obtained from these studies, the theoretical background of the study was formed and the views of the economics schools on the labor market were examined in the context of anti-crisis policies and regional economic policies. The subject of this study is considered to be unique as there was no other study found in the literature that approached the subject the same way this study did.

Within the framework of the findings obtained as a result of the literature review, contemporary schools of economic thought were examined starting from mercantilism up until the present day. The views of these schools especially on the labor market were discussed. Additionally, the possible effects of these views on the labor market were also evaluated.

In the following part of the study, the conceptual framework of the labor market was examined in light of the findings obtained from the literature review. In this context, special attention was paid to providing a pattern by including the approaches of schools of economic thought. In the following chapter, regional economic policies were also evaluated within the framework of schools of economic thought.

In the next part, the impacts of unemployment on selected macroeconomic indicators will be investigated. In this context, the period between 2006-2016 was taken as the basis, with the OECD countries in the focus. Using the annual data of 29 countries selected from the OECD, variables assumed to have an impact on unemployment was analyzed with the help of panel data analysis. The results showed us that the variables unemployment, domestic product, and social expenditures included in the model created based on the data between 2006-2016 in 29 OECD countries are significant at a 99% confidence level. According to the findings, a 1% increase in national income results in a decrease of -2.715% in unemployment, and this situation is statistically significant. Furthermore, a 1% increase in social expenditures helps reduce unemployment by -0.004% and it is statistically significant.

The discussion part was written by evaluating all this information and findings, and it was concluded that the schools of economic thought provided changes depending on the conjuncture, together with their strengths and weaknesses.

In this last chapter of the study, it was planned to make some recommendations in terms of the labor market, regional economic policies, and anti-crisis policies as stated in the literature review within the framework of the findings. Furthermore, by evaluating the limitations of the current study, some research recommendations were presented for those who will study the subject in the future.

As it was thought that a more effective discussion can be presented by grouping these recommendations in terms of regional economic policies, labor market, and anti-crisis policies, the recommendations related to these concepts were presented respectively.

When first evaluated in terms of regional economic policies, it can be observed that there are development differences between regions in Turkey. When this situation is evaluated in terms of economics schools, it can be seen that regional economics

comes to the fore in schools where the individual is at the front. Furthermore, it can also be observed that schools with the understanding of a strong state attach more importance to regional economic policies. With their study, Dağdemir and Acaroğlu (2011: 39) express that income is not evenly distributed in Turkey. In this context, Aydın (2008: 304) addresses the regional development differences in the example of Mardin province. In order to eliminate these differences, as Sevinç (2011: 35) stated, studies should be carried out to reduce the development differences between the regions. Furthermore, the study of Bakırcı, Ekinçi, and Şahinoğlu (2014: 281) based on empirical data also claims that there are development differences between regions in Turkey.

In order to eliminate these differences, it is obvious that planning regarding human capital should be done very effectively. Thus, the first recommendation of this study is to provide an environment where self-realization can be achieved by everyone locally within the equality of opportunity. Thus, by acting with more rational expectations, individuals will have a sense of citizenship such as both saving and spending in a controlled manner in a way that will facilitate the work of the public. In the study of Doğan (2011: 41), it is stated that the individuals will position their place in the society with a positivist understanding within more rational expectations, and thus economic factors can be used more effectively.

Keeping migrations under control in the formation of the labor market will eliminate regional development differences and increase the welfare perceptions of individuals. This situation reveals the importance of the concept of space. As can be understood from the studies of Göker and Akyol (2014: 57) and Arıcıoğlu (2011: 17), it can be seen that spatialization is important in terms of regional economic policies.

When evaluated in the context of economics schools, while Thünen's rural development model makes an important contribution when examined in terms of its output, it is observed to transform into Weber's understanding of industrialized space, with today's social life and the industrial revolution. This situation causes Lösch's views on the specialization of industrial zones to find support. Christaller's demand-based understanding also supports this view. When all these are put together, it is understood that the economic thought tends to shift the regional development towards the places

with high rent with the transformation of the nation-state understanding to the liberal-state. Thus, it should be planned that the supply to the markets will be made in the most efficient way and regional development should be carried out accordingly. Thus, it is necessary to plan how to supply the markets in the most efficient way and to realize regional development accordingly. Keskin and Sungur (2010: 1) also has supportive views on spatial transformation in the context of globalization regarding this recommendation.

After agreeing that space should not be considered separate from human capital, it is also observed that this capital should be shaped through issues such as equal opportunity and gender discrimination to be evaluated as a labor market. When the social structure is examined, it is observed that, generally, the income of one or two people in the family is shared among all family members and that if this is insufficient, it has effects that reduce the productivity of the labor market, such as financial difficulties. For this reason, eliminating gender discrimination to approach full employment is thought to be a positive point for the labor market. Alkan and Alkan (2018: 33), in their study examining the role of the labor market in regional development, show that there are regional differences in women's employment in Turkey. Removing this is predicted to have effective results on economic growth, together with both social security and labor market participation.

Countries are observed to be evaluated at different economic scales with the centralization of capital, globally. With the removal of trade barriers, it is observed that almost all societies continue their economic activities in an open system and that privileged regions are also formed in regional development in the developing and underdeveloped economies that have difficulties in reaching the capital. In addition, Akiş (2011: 237) provides information supporting that the distinction between the peripheral and core countries mentioned by Fujita causes great differences in terms of regional development. In addition, countries in the core mitigate the effects of their own crises by reflecting them to these countries. Thus, other countries have to suffer for the mistakes made by developed countries. When evaluated in terms of the labor market, it is possible for productive areas with high rent to become more uninhabitable with industrialization. It is also possible to reach similar results in the study of Ögüt (2014: 11). When all this information is evaluated together, it is recommended for developing

and underdeveloped countries to focus on R&D in order to reduce the effects of the core countries, to overcome the issues related to technology transfer with rational expectations, and to become their own producers.

When evaluated in the local context, it is understood that development policies should be implemented in coordination through development agencies. The active role of these agents in local development is thought to be able to make significant contributions to highlight the advantages of the region and to eliminate its disadvantages. Similar suggestions can be found in the study of Tutar and Demiral (2007: 65) examining the benefits of development agencies to local economies and the study by Tekin (2011: 1) examining development agencies in the context of regional development within the framework of globalization.

When evaluated in both local and international contexts, it is understood that regional economic policies should be planned to encourage R&D activities. It is recommended to encourage entrepreneurship to transform these activities into a competitive structure by determining the strengths and weaknesses and gaining an advantage by using them. Thus, it would be possible to keep the general welfare perception high by ensuring the labor market is evaluated properly and in a qualified manner. It is possible to come across findings that state regional development can be developed with entrepreneurship activities in the study of Perktaş (2014: 472). Paksoy and Aydoğdu (2010: 113) also conducted a study examining the role of entrepreneurship in regional development.

Another structure that is as important as development agencies in regional economic policies is local governments. These structures are suggested to be able to carry out effective activities towards reducing regional development disparities with effective coordination. Especially after the amendment of the law regarding metropolitan municipalities in Turkey, it is predicted that local governments will fulfill important duties in terms of regional economic policies. Bilgin (2002: 313) also summarizes the contributions that local governments can provide for regional development.

It is also recommended to increase sector diversity in order to support regional economic policies. Evaluating markets shaped over the same product over exchange

values may cause products created by using too many resources to remain low. For this reason, it is suggested for regional economic policies to be shaped to increase the diversity of the sector in order to reduce logistics costs and to revive the labor market. Doğan and Yıldız (2007: 147) also mention the importance of increasing sectoral diversity.

From mercantilism to contemporary liberal economic conjuncture, all schools predicted that a country's economic system could become sustainable by focusing on foreign trade. For this reason, it is suggested that encouraging those interested in foreign trade in the regions may have positive results for the country's economy. In this context, Ersungur and Noyan Yalman (2009: 81) state that export incentives should be offered for regional development.

The realization of all these recommendations is possible through the formation of a labor market with rational expectations. For this reason, regional economic policies should be formed in a way to increase the qualifications of the individual. A social structure in which personal development and enlightenment are ensured by restructuring the educational opportunities offered in schools is recommended. Thus, the creation of a labor market that will provide technological development, which is considered indispensable for economic growth, will be provided. Likewise, Şenkal (2008: 118) also suggests that human capital will provide economic development.

The last recommendation regarding regional economic policies is to encourage R&D investments. It is observed to be a correct policy to encourage R&D centers together with the technology development zones opened within this scope. Thus, the added value of the products obtained with the use of advanced technology will increase while the studies for the substitution of imports are carried out. It is also considered that a competitive advantage can be achieved this way. Kumral (2008: 1) also claims that a competitive advantage can be achieved through R&D investments.

It is thought to be appropriate to provide information about what to do about the labor market, after the recommendations on regional economic policies. Evaluations made in this context suggest that the labor market is highly affected by global developments. In fact, it is possible to come across studies examining the effects of

globalization on the labor market as well as on other fields (Uyanık, 2008: 209). Ercan and Özar (2000: 22) reached similar findings in their study.

When these effects are examined, technological developments, along with globalization, are observed to decrease the value of the labor market. By means of advanced manufacturing technologies, countries need less and less human labor each day. In support of this finding, in his study on the European labor market, Kesici (2011: 75) claims that globalization decreases the value of the labor market.

In light of all these evaluations, it is suggested that a qualified workforce should be created in order for countries to survive in the economic system. Thus, it will be possible to prevent the labor market from being adversely affected by revolutions such as Industry 4.0. In fact, it is necessary to accelerate the efforts to train qualified programmers by restructuring the whole education system.

Considering that Turkey is at a disadvantage in competition against other countries because it follows other industrial revolutions from behind, training programs should be carried out as soon as possible and people who receive this training should be encouraged to practice.

Before the realization of this technological development, which is a major problem for unqualified labor, existing problems must be resolved before new problems arise in the labor market. As stated by Sapançalı (2007: 8), there are many problems in the labor market in Turkey. The study by Çondur and Bölükbaş (2014: 77) has similar findings.

As stated in the aforementioned studies, the biggest issue is occupational safety. In this regard, the continuity of work and the provided social and economic welfare environment directly affect the performance of the labor market. Simultaneously with other countries, performance-based wage examples have started to be seen in Turkey. Another issue that is considered important in the labor markets is the problems related to the working environment, especially ergonomics. Employers are required to create work environments that enable employees to work in a healthy way. However, in practice, some employees are observed to ignore simple precautions such as masks and helmets, even when employers fulfill all their responsibilities. This

suggests that the labor market needs to be trained in a way that enables them to operate within rational expectations.

The unequal provision of vocational training opportunities is also considered an important deficiency in the labor market. It is recommended that vocational training centers be encouraged in terms of both regional economic policies and the labor market. Işığçok (2011: 21) and Işığçok and Emirgil (2009: 213) also suggest that vocational training centers would be effective. The study of Bilen and Yumuşak (2008: 1) also argues that individuals' abilities should be supported. Keskin Demirer (2016: 809) provides findings that suggest that increasing individual skills and increasing the quality of the workforce will positively affect productivity. Also, Saydam (2009: 239) suggests that the return of the investments to be made on the individual can cause great reactions in the macro-environment with a butterfly effect. Akyazı (2015: 205) also argues that small measures can have big effects.

In the evaluation to be made considering the current economic conjuncture within the framework of the opinions of the economics schools, it can be stated that the regulatory effect of the public sector regarding the determination of wages of the labor market creates a negative situation for the markets. For this reason, it can be argued that determining the base and top wages does not have effective results for the performance of individuals. Considering that not all employees perform the same, it can be suggested that those with superior performance should earn higher wages. Within the scope of physiocracy, that holds the view that the balance in nature will also manifest itself in the labor market, it is claimed that while there should be equal pay for equal work, superior performance should be rewarded and that the wages should be determined on the basis of efficiency. It is possible to come across findings in the study by Kök and Şimşek (2012: 1) indicating that each employee receiving the same wage will decrease efficiency. Similar findings on wages can be found in the study of Çetin and Bakırtaş (2014: 173). A similar study was also conducted by Pehlivan (2011: 1).

Gender discrimination is one of the major problems encountered in the labor market. Women are paid less for the same job. In addition, as their participation in working life is low, they experience many problems related to social security. Consequently, it is recommended to prevent gender discrimination. Kartal and Çoban

(2018: 67) and Duruoğlu (2007: 61) also have findings stating that there should be no discrimination based on gender. The findings of Dedeoğlu (2009: 41) also support this.

The last point that should be evaluated regarding the labor markets is determining the purchasing power of wages. In this regard, it is possible to come across schools of economic thought that build the economic system entirely on labor, as opposed to the schools that advocate that individuals should only earn wages enough to survive. Wages determined on the basis of meeting only the vital needs will cause individuals not to meet their social needs and decrease productivity. Thus, the concept of poverty will dominate the labor market and reveal a situation that may have negative impacts on the economic system. This situation, when evaluated in terms of economic crises, will create a more negative picture for the labor market, as it will increase economic fragility. The negative effects of crises on the labor market were also examined by Yüceol (2005: 493) in the context of poverty. It was observed that Bayraktar and Yaşarlar (2017: 1) achieved similar results. Similar results were also obtained by Erdoğan and Kutlu (2014: 63).

It was considered important to include recommendations for anti-crisis policies after the recommendations for the labor market. Crises generally occur when the supply of money is restricted due to the inability to meet the profit expectation with the centralization of capital. Maximizing profit expectations triggers capitalist practices. It is stated in the study of Arslan (2010: 1231) that capitalism triggered crises. Aktan and Şen (2001: 1225) also argued that the capitalist perspective triggered crises.

Based on this information, it is recommended not to apply capitalist economic approaches to prevent economic crises. Since this is not possible in today's economic conjuncture, individuals should be raised with a moral infrastructure that by which they would prefer to share with the awareness of being good citizens.

Economic crises can have very negative consequences for the economies of countries. In a crisis environment, investments stop and unemployment arises when the money supply is cut off. As stated in the study of Kahraman Akdoğan (2014: 348), economic crises affect the economies of the country negatively. It is recommended to implement strict fiscal policies in order to prevent these effects from damaging economic sustainability. Thus, resources can be obtained to increase national income

and encourage entrepreneurship in terms of the labor market through efficient use of resources. Beken (2016: 87) also argues that there should be strict fiscal discipline policies implemented. This view is also supported in the studies conducted by Karakurt (2010: 167; 2016: 185). There are other papers in line with these views (Balseven, 2009: 175; Karagöz, 2012: 1) as well.

It should be kept in mind that crises can be shaped not only by a country's own decisions but also through global capital movements. It is also evaluated by Şimşek (2008: 183) that global capital movements may cause economic crises. It is possible to reach similar findings in Bulut and Güney (2013: 1). Individuals are suggested to be directed towards saving and these savings to be under the guarantee of the state to decrease the impact of these effects on economic sustainability. Although the existing practices are observed to show positive results in this regard, the use of unregistered savings, often called under-the-mattress savings, within the economic system should be encouraged for greater effectiveness. In this context, it will make a significant contribution if more people prefer applications such as real estate funds, gold bonds, and lease certificates.

When the global crises in recent years are analyzed, it can be observed that the US-originated mortgage crisis in 2008 negatively affected the economies of many countries. Keskin (2018: 161) also suggests that the 2008 crisis had negative effects on the economy of Turkey. It is possible to find similar findings in the study by Demir (2011: 1). Topçu (2015: 115) and Balseven (2015) also claim that a wrong policy will not yield correct results. In order not to repeat this situation, it would be appropriate to form the fiscal discipline policies implemented by encouraging foreign trade in a way to encourage exports. Thus, it is evaluated that the amount obtained as a foreign trade surplus can be used to reduce the effects of a crisis inside the country.

Economic crises shape regional economic policies. Thus, investments towards locations with higher rent are accelerated and economic development is negatively affected. Akyol (2017: 61) also states that economic crises prevent regional development. In order to avoid the negative impacts of crises on regional economic policies, it is recommended to adopt a global approach by thinking locally. In this context, it should be taken into consideration that the establishment and effective

operation of cooperatives can have positive effects on the proper utilization of the labor market.

Since economics is a positivist social science, it is difficult to express the starting point of crises in economics mathematically. Tokucu (2010: 31) states that economic indicators cannot be the sole cause of crises. If the awareness of the individuals is not heightened in a way that would enable them to act according to the rational expectations hypothesis, the country will constantly face economic crises. For example, no matter what economics approach is implemented, it will not be possible to produce a positive result if there is a citizen profile that shows a constant demand for new products without expiring the previous ones. This will result in imports depending on the raw material and energy supply, even if the production of said product is domestic. For this reason, it is recommended that individuals be educated to increase economic literacy based on the rational expectations hypothesis. Thus, unnecessary expenses will turn into savings and it will be possible for the next generation to live in a better economic environment.

When crises occur, rising prices and rising inflation generally lead to demand shrinkage and production slows down. Thus, when evaluated in terms of households, this situation reveals a large number of people waiting for income at home earned by one employee. Thus, the country's social security system is negatively affected by this situation. It can also be found in the study by Erdoğan (2009: 142) that social insurance institutions may also be affected negatively by economic crises. So, it is recommended to encourage family members to participate in economic life. Social peace will be ensured because the more income is obtained, the higher the perception of welfare will be kept.

For the implementation of this proposal, the family should also emerge and expand in a planned way. Although Malthus suggests that world resources cannot feed the increasing population, it is argued that more labor will be needed to meet the increasing needs of people as they are becoming more diversified. For example, while individuals a hundred years ago had no other needs than food and clothing, people today need to spend money on their mobile plans for the internet. As the needs diversify, the expenses will increase, so the labor market's wages should be determined accordingly.

In this case, it is recommended to carry out effective planning studies in determining the size of the labor market. Unplanned actions cause crises as they disrupt the economic balance. Akkuş (2017: 27) also states that economic crises are unplanned economic movements.

Economic crises are also observed to affect the diplomatic image of a country. Since the spending capacity of the country decreases with the cut of the money supply, the country in question cannot take advantage of the investment opportunities emerging globally. Ateş (2010: 912) also made evaluations on the diplomatic effects of crises. In this case, it is suggested that the country's economic infrastructure be built on solid foundations. Thus, it will be possible to achieve economic growth more easily with foreign direct investments that will come with reputation and trust both in the domestic economic order and in foreign markets.

Structural reforms are recommended for a solid economic foundation. For this, first of all, the fragile points of the economy should be determined. Küçükefe (2017: 31) also states that it is necessary to be careful about risk factors. It is possible to come across warnings of Ay and Karaçor (2006: 68) regarding the reduction of risks. In this case, it is recommended to map out the economic atlas of the country and to carry out studies to prevent the risks determined.

In this day and age, competitive advantage can be achieved by developing technology in the most superior way, beyond keeping up with technological developments. This way, countries are suggested to prepare their technological infrastructures according to the needs of the age. Göker (2013: 103) also states that technological investments are what should be focused on. Thus, wages will increase with the increasing quality of the labor market and concerns about productivity will be eliminated. Furthermore, things such as the recently implemented technology development zones and encouragement of R&D centers make important contributions.

When economic crises are analyzed in terms of their consequences, it can be seen that they do not only produce economic results. In the struggle for existence between social classes, crises generally cause the labor market to be negatively affected. Thus, it is possible for them to have impacts such as triggering social events. Güler (2013: 330) also claims that economic crises can have social implications. Considering

that only capital owners can turn a crisis into an opportunity, it should be kept in mind that it may cause significant negativities in terms of social welfare perception.

When all these recommendations are evaluated together, it can be stated that the suggested options of the different schools of economic thought can be implemented where they seem to fit, in the context of the labor market. However, this will only yield a positive outcome if realized based on an eclectic dialectic within the contingency approach. Şahin and Eren (2012: 255) also defend the contingency approach in this regard.

Thus, in the determination of anti-crisis policies and regional economic policies over the labor market, the sustainability of the economic system will be determined by creating an environment where the parties can reconcile after examining the views of all schools of economic thought.

In the present study, the subjects of schools of economic thought, anti-crisis policies, and regional economic policies in the context of the labor market were examined. Some limitations were encountered during the preparation of the study. First of all, an empirical analysis could not be carried out in this study as there was no concrete data available that can be used to evaluate the results of the policies of all schools of economic thought. No data on the subject was found in searches made via data providers (TURKSTAT, CBRT, World Bank, etc.). However, by evaluating the empirical findings of some of the works in the literature, this limitation was overcome by supporting the thesis of the current study.

The second limitation is the classification problem that usually arises in studies on economics schools. The desire of the schools of economic thought to be mentioned with their own views causes many different opinions to arise. However, as it did not seem possible to examine the views of each of these schools one by one, this was done by expanding the classifications in previous studies.

As a result, when all this information was evaluated together, it was observed that the labor market was not even considered as a production factor in some schools of economic thought. As it was not considered as a factor, the idea was it was sufficient to determine a wage that's only enough to survive. This situation is not reflected in today's social structure. Some economics schools, on the other hand, saw labor as the basis of

value attached too much importance to it. Thus, they argue that the impact value of proletarian structures should be much higher. Some schools of economic thought, on the other hand, argue that labor is a different structure within institutions in the economy and that they have rights in return for their responsibilities to others. When this perspective was evaluated in terms of the labor market, it was considered to be the most appropriate perspective.

It is the expectation that the inclusion of labor in the economic system with rational expectations will significantly positively affect both regional economic policies and anti-crisis policies within the scope of training activities aimed at increasing the quality of human capital in a planned manner to ensure that human capital is utilized on-site. In short, with the improvement of the individual, society will improve, and with the improvement of society, collective movements will be able to ensure sustainability within rational expectations. Consequently, with hope, this has been a unique study that would benefit those who will conduct further research on the subject.

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