

A Review of Perspectives Towards the Explanation of Relationship Between Functional Income Distribution and Economic Growth / Fonksiyonel Gelir Dağılımı ile Büyüme Arasındaki İlişkiyi Açıklamaya Yönelik Yaklaşımlara Bir Bakış

Eren Yıldırım¹, Meneviş Uzbay Pirili²

¹Hitit University, Turkey

²Ege University, Turkey

ABSTRACT

This paper aims to examine the relationship between functional income distribution and economic growth through theoretical. Recently, there is a subject that wages have decreased crucially against capital relatively in world economy. After the 1974 Oil Crisis and supply shock around the world, has decreased profitability by increasing input prices. Profitability decreasing increase the attempts to reduction the firms's labour costs. Therefore, it is thought that the bargaining power of labour cost has been decreased in production by legislative regulations. It is seen that share of wages in GDP has been gradually decreasing last 30 years. In addition to this rate of economic growth has slowed down and has showed the unstability cycle. Besides, it is seen that share of wages in GDP was relatively high during the golden age between 1945-70. Nevertheless, while the share of wages has been decreasing last 30 years, it is been argued that economic growth rates has decelerated and showed tendency which is unstable. As a consequence of these developments in the second half of the twentieth century, a discussion has arisen about whether there is a relation between functional income distribution and economic growth.

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