

UNIDO

STUDY GUIDE

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Letter from the Secretariat

Dear Delegates,

It is with great honor and enthusiasm that I welcome you to ITUMUN 2025, where innovation, diplomacy, and collaboration come together to shape a brighter future. As Secretary-General, it is my privilege to witness the incredible passion and dedication each of you brings to this conference.

For this year's ITUMUN, we challenge you to think beyond borders and redefine the possibilities of multilateral cooperation. As a university rooted in engineering and technical excellence, we have embraced our unique identity by curating committees and agendas that emphasize industrial development, technological advancement, and critical technical issues. Whether debating economic policies, grappling with emerging technologies, or navigating historical turning points, you will be tasked with crafting solutions that not only address the challenges at hand but also inspire progress.

Model United Nations is more than just an academic exercise—it is a platform for you to develop critical thinking, refine your communication skills, and foster a spirit of teamwork. This conference is your opportunity to step into the shoes of world leaders, embracing the responsibility and influence that comes with these roles.

On behalf of the entire ITUMUN team, I wish you the best of luck in your preparations and during the conference itself. We are here to support you every step of the way, ensuring that your ITUMUN experience is both impactful and unforgettable. I look forward to seeing the energy and ideas you bring, and the lasting connections you will forge throughout this journey.

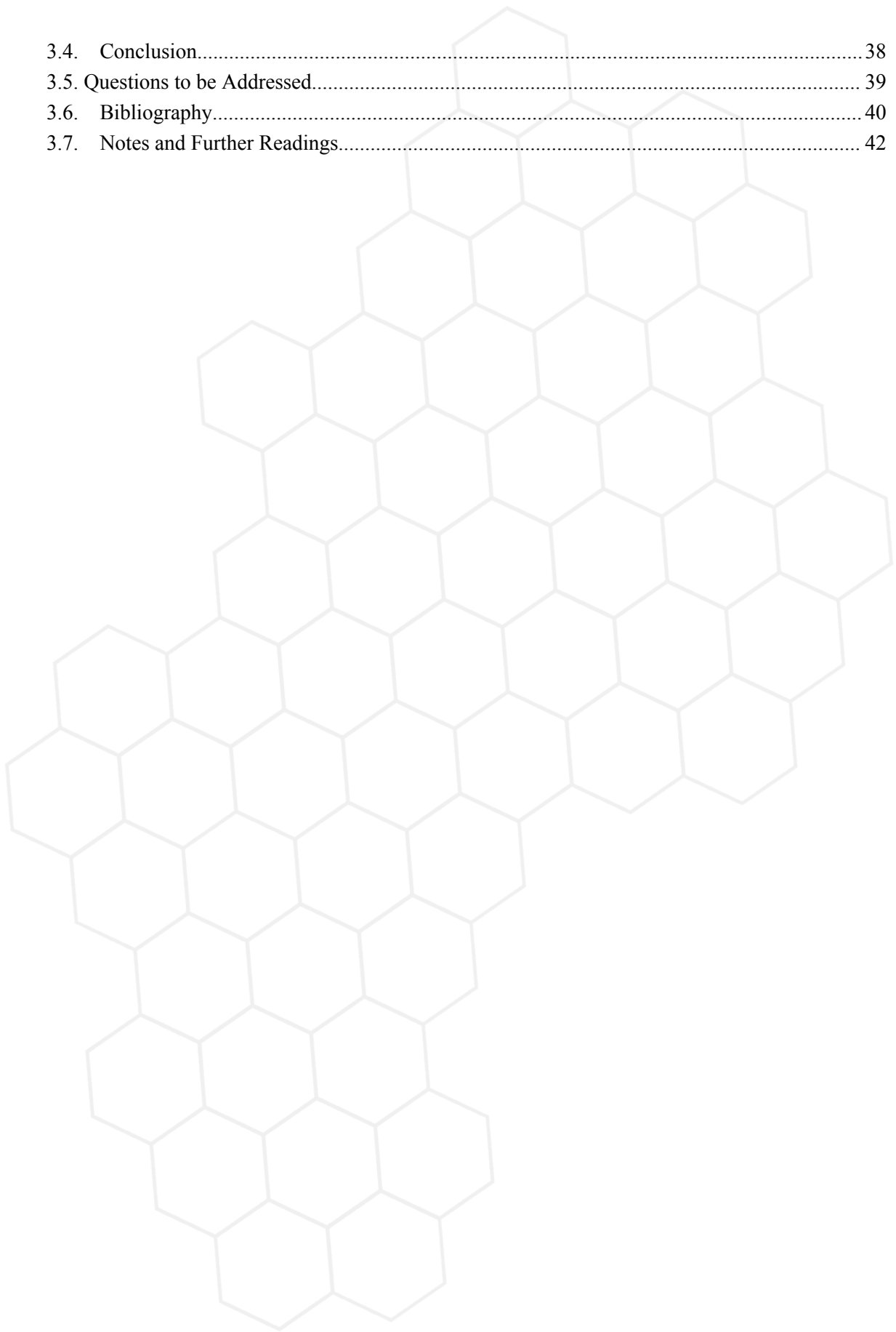
Warm regards,

Roya Alhariri
Secretary-General
ITUMUN 2025



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Letter from the Chairboard

Dear delegates,

It is our utmost honor to be serving as your chairboard for the 2025 edition of ITUMUN.

We are looking forward to the unique and wonderful debates we will be having and seeing UNIDO in action as your Board! We wish you all the best of luck and a remarkable experience.

If you have any questions or concerns ahead of the conference, please do not hesitate to contact via: hasanalemran444@gmail.com , dogaincexd@gmail.com

Kind Regards,

Hasan Al-emran & Doğa ince

Board of UNIDO, ITUMUN'25

1. Introduction to the Committee

UNIDO is a United Nations specialized organization with a specific responsibility to promote, dynamize, and expedite industrial development.



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION
Progress by innovation

Its mandate is represented in Sustainable Development Goal (SDG) 9, which states, "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation," however UNIDO's actions benefit all SDGs.

UNIDO's objective is a world free of poverty and hunger, where industry drives low-emission economies, raises living standards, and protects the habitable environment for current and future generations, leaving no one behind.

UNIDO supports its 173 Member States through four designated functions: technical cooperation, action-oriented research and policy advising services, normative standard-related activities, and creating partnerships for knowledge and technology transfer.

Its work is focused on three areas: ending hunger by assisting businesses from farm to fork; preventing climate change by using renewable energy and energy efficiency to reduce industrial greenhouse gas emissions; and promoting sustainable supply chains so that developing country producers receive a fair deal while scarce resources are preserved.

2. Agenda Item I: Developing standards for sustainable sourcing, production, and disposal in manufacturing:

2.1 Introduction:

Sustainable sourcing prioritizes society, the environment, and profit when obtaining a product through a supply chain. Collaboration is encouraged among producers, retailers, and consumers to adopt principles of sustainable consumption and production. Companies are encouraged to take concrete initiatives to meet demand and implement policies that support sustainability. Other parties, like the government and consumers, must also play an active role in sharing the costs of the effort.

For over a century, the manufacturing industry has evolved and adapted in response to technical advancements and shifting market demands. 40 years ago, sustainable manufacturing approaches began to gain popularity. Initially, these were frequently modest, band-aid-style statements that were deemed inconvenient and costly, but necessary to maintain public appearances. Sustainability is crucial for the manufacturing industry and the environment. The best businesses care deeply about environmental sustainability and ethical corporate values. However, it is unrealistic to believe that green manufacturing projects are solely driven by compassion and good behavior. Businesses have a responsibility to remain profitable and competitive, which in today's market entails paying attention to risks and opportunities. Corporate sustainability measures are inspired by many issues, which mainly are:

- Reducing costs and waste
- Avoiding risks and costs of non-compliance
- Facing increased public awareness and scrutiny

There are various problems related to sustainable manufacturing:

Resource Efficiency: One of the most difficult tasks is making the best use of resources such as raw materials, energy, and water. Reduced resource usage and waste creation are crucial.

Emissions and Pollution: Sustainable manufacturing seeks to reduce both emissions and pollution. This can be difficult, particularly for companies with historically large amounts of emissions, such as heavy manufacturing or the energy industry.

Technological innovation: Implementing new, sustainable technologies can be costly and time-consuming. Manufacturers may confront opposition to change and need to invest significantly in R&D.

Regulatory Compliance: Manufacturers must follow an ever-increasing set of environmental standards. Ensuring compliance while remaining cost-effective might be difficult.

Supply Chain Complexity: Manufacturers must examine the overall sustainability of their supply chain, from raw materials to distribution. Ensuring that all vendors satisfy sustainability standards can be difficult.

2.2 Sustainable Sourcing:

Sustainable sourcing extends beyond corporate social responsibility (CSR). It is about transforming and upgrading the way businesses operate. Sustainable sourcing ensures that products and services have minimal environmental effect and favorable economic and social outcomes.

Neglecting sustainable business practices can contribute to climate change. Long-term losses include unexpected raw material production cycles, agricultural failures, natural disasters that disrupt

distribution, and diminishing product quality in the market. Sustainability is a growing issue for consumers due to its evident impact on sourcing practices. Companies are encouraged to take concrete activities that balance environmental sustainability, social and economic benefit. Additionally, it addresses the demands of customers, government programs, and non-governmental groups by making sustainable products more accessible.

Companies that fail to prioritize sustainable sourcing may face the following risks:

Internal Risks:

Uncertainty in supply can hinder firms' income and market share. When raw materials become scarce, companies may suffer concern about their long-term manufacturing capacity. This risk may cause the company to discontinue production and fail to meet consumer demand. Supply continuity difficulties might lead to increased expenses. Scarcity of raw materials typically leads to price increases. Production costs may be higher than those associated with sustainable approaches. Cost rises result in decreased profit margins, which are undesirable for companies. Companies relying on scarce resources for expansion face a competitive disadvantage due to rising and variable prices, making it difficult to forecast and compete with less resource-intensive competitors.

External Risks:

Negative environmental effects and reckless business activities can harm a company's brand value and reputation. Consumers, particularly millennials, are becoming more environmentally conscious and want items from ethical companies. Companies must understand that a disclosure of unethical business practices can damage consumer trust. Policymakers and investors prioritize enterprises that demonstrate positive social impact and environmental sustainability. Corporate failure to comply with government regulations can lead to a loss of public trust.

According to the WWF's guideline to sustainable sourcing for companies, by completing 4 procedures companies can ensure a more sustainable sourcing practice. The first step is self assessment, which is pretty self explanatory, the following steps are as follows:

2.2.1. Strategy & Governance:

Businesses must create a thorough action plan that outlines upstream to downstream procedures and designate those who will be actively involved in order to incorporate the concepts of sustainability.

2.2.1.1 Vision/Societal Purpose:

During this stage, the business should be able to outline the broad parameters of successful sustainable sourcing and document its dedication to accomplishing those goals in order to meet targets. This will assist in determining the company's priorities and fostering internal support for the transition to sustainability.

Circular Economy Business Model

Think about how the business can contribute to the circular economy when creating the overall strategy. A circular economy involves reducing or eliminating waste from the system and progressively shifting away from the consumption of finite resources, both of which go hand in hand with attaining sustainability. The gap between supply and demand for resources is growing nowadays. Amidst a fluctuating and limited supply of natural resources and environmental concerns, which are driving up prices and creating uncertainty, businesses face an ever-increasing challenge and potential to expand and create value. By promoting economic growth within the constraints of natural resources

and empowering businesses to innovate so that consumers and users can do "more with less," the circular economy serves as a paradigm to manage this dilemma. Businesses hoping to benefit from the circular economy will need to create business plans that focus on creating good effects "through growth," rather than merely doing "less bad." The circular economy is implemented using the following five fundamental business models:

1. Circular supplies: Provide renewable energy or fully recyclable input material to replace single life-cycle input material.
2. Resource Recovery: Recover useful resources out of disposed products
3. Product life extension: Extend working lifecycle of products by repairing, upgrading, and reselling
4. Sharing platforms: Enable increased utilization rate of products by making possible shared ownership or access
5. Product as a service: offer product access and retain ownership to internalise benefits of circular resource productivity

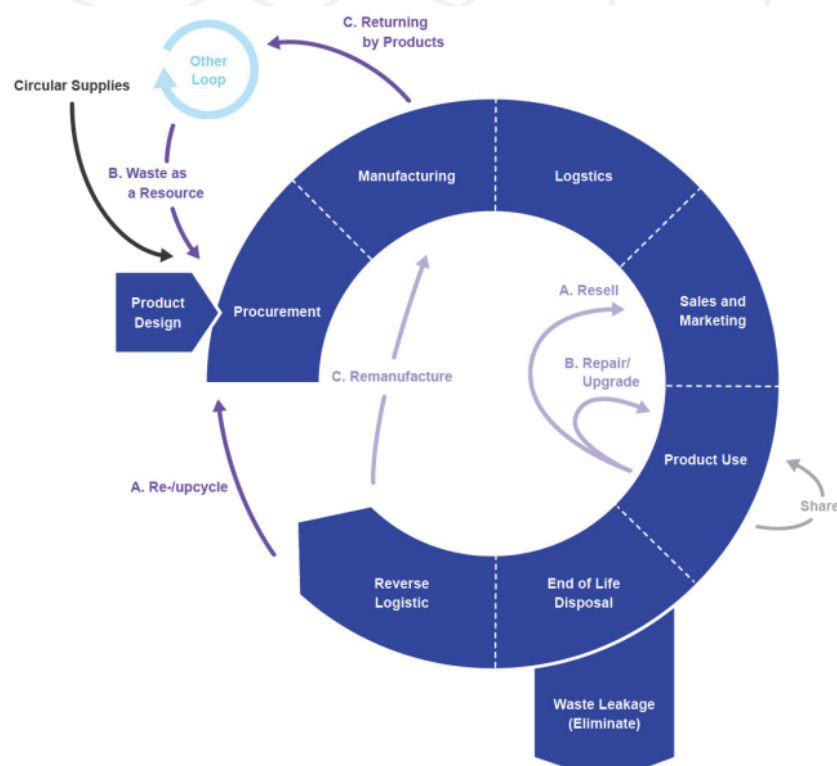


Figure 1: Circular Business Model

After the vision of the firm has been set, management needs to show its support to the vision and its commitment to the model that they have built.

2.2.1.2 Sustainability Strategy:

It is necessary to provide a detailed explanation of the company's dedication and overall vision. In a roadmap, businesses are urged to realistically set sustainability goals within a given time frame. Every business will have a unique path to sustainability. The ideal period for achieving sustainable sourcing is not found in any textbook. The most crucial thing is to begin small, work your way up to a larger objective, and always adhere to the established framework.

There are undoubtedly differences in how businesses comprehend and implement sustainability ideas. It is not unusual to come across businesses that do not recognize the significance of sustainability,

even though their rivals have long been addressing the same problem. In fact, businesses can use this to collaborate and exchange expertise.

The following are ways to continue learning and working together with other businesses:

- **Best Practice Sharing:** The goal of industry collaboration is to exchange information regarding strategies that businesses have found to be effective in their own sourcing sustainability initiatives, as well as the difficulties and advantages of putting sustainable sourcing into practice.
- **shared Commitment:** Businesses can work together to create a mechanism for their industry's shared commitment. For instance, the introduction of supplier improvement initiatives for sustainable packaging material is the result of a coordinated industry commitment by four large food delivery companies in Singapore.

Working more closely with suppliers, developing a common understanding of sustainability challenges, and empowering suppliers to take responsibility for their sustainability vision, strategy, and performance can all be regarded as shared priorities. Remember that a business might have to connect with suppliers outside of its direct or first-tier suppliers. Its sub-tier/non-direct suppliers might not have adopted sustainable practices, despite the fact that its direct suppliers have.

As a result, the business must determine its position in the supply chain, track its upstream supply chain, and devise strategies for mitigating the substantial risk in suppliers that are one or more sourcing connections away.

2.2.1.3 Governance Structure:

A company's procurement or CSR departments cannot accomplish sustainable sourcing on their own; other stakeholders must be involved. Sustainability sourcing calls for an upstream and downstream strategy across the supply chain, and it ought to be viewed as an enterprise-wide endeavor. Therefore, a corporation must establish a structure of people and procedures in order to carry out its sustainable sourcing goal. The items required are listed as follows:

1. **Stakeholders Mapping:** A company needs to understand who the relevant parties are, both inside and outside the company, to support its efforts to create sustainable procurement. After the parties are identified, then describe their expertise and roles. This helps to ensure the company in developing strategy and approaches to relevant parties and tailored to strategic programs.
2. **Sustainability Committee:** Create a special corporate committee devoted to sustainable sourcing and other sustainability-related issues based on the mapping of stakeholders. To make sure that all internal stakeholders fulfill their commitment to sustainability, the company's sustainability committee will also need to secure support from upper management. It's crucial to remember that the sustainability committee does not have to start out as a unique division; it can be a working group focused on sustainability. The corporation may opt to create a new division for the committee at a later date, depending on the circumstances.

2.2.1.4. Risk Management:

Determine the possible risks and problems that could impact the company's sourcing as well as where they could arise within the process. Choose the possible hazards and evaluate how significant they are to the company. These may consist of:

- Government regulations;
- Prices and costs;
- Demand;
- Consumer safety;

- Equitable labor practices

2.2.2. Product:

2.2.2.1 Sustainable Products & Services

Consider the product's life cycle, including its origin, point of usage, and final destination. A business can improve its offerings for customers and make sure that the goods and services it produces are compatible with a circular economy by selecting materials that are both safe and circular. Find quick wins in the company's value chain where actions can most effectively enhance the system's overall social and environmental impact.

The business can address a number of sustainability-related difficulties by utilizing its inventive capabilities. The Research & Development (R&D) division of the business is essential to creating a product in a way that has the least amount of adverse effects. This should take into account how specific components and production techniques contribute to the sustainability of a product.

Product/service sustainability is influenced by the use of environmentally friendly technology in addition to the use of resources and ingredients. Energy utilization and emissions will go down when environmentally friendly technology is used effectively. Additionally, improvements in this field can lead to the creation of durable items, which could decrease waste in addition to improving the product's sustainability.

New economies of scale arise when multiple businesses work together and pledge to produce sustainably. This immediately addresses issues with the high cost of fundamental components needed to make products that support ethical business practices. In order to implement a sustainable agenda as a team effort as an integrated corporate industry, it is crucial to manage interactions between organizations.

2.2.2.2 Traceability:

Businesses must take a product's traceability into account. Once the business is able to demonstrate how the product is manufactured, track down the materials' original source. It can reduce possible risks, such as avoiding illicit supply chain practices.

The capacity to follow the product through the supply chain is the primary component of traceability. Chain of Custody (COC), a chronological document train that details the when, how, and by whom of an item's handling, is one method the business can use to accomplish this. Thorough documentation is essential to preserving COC. A well kept COC can assist in identifying the accountable party in the supply chain that takes actions or makes decisions that may compromise the quality of the goods or services. This traceability system's primary component is rigorous documentation at every stage. In order to guarantee a sustainable supply chain, particularly with regard to suppliers, the audit process is equally crucial.

2.2.2.3 Certification:

Verification of a product's origins and production methods using sustainable principles can be done through third-party ecolabel certification. This ecolabel is different and was started by both non-profits and the government. Additionally, ecolabelling facilitates businesses' ability to inform consumers that their goods have been confirmed to be sustainable.

2.2.3. Marketing & Communications:

2.2.3.1 Marketing & Branding:

Once a business has determined whether or not its products are sustainable, branding and marketing become crucial factors. These two actions are necessary to let the general public—and consumers in particular—know that a product can be made in an ecologically responsible and sustainable manner. Putting ecolabel signals on product packaging and educating consumers on the meaning of the ecolabel itself are two methods to do this. Long-term benefits of marketing that highlights sustainability include helping the business stand out from competitors in the marketplace. Additionally, customers are more likely to trust the business when they are aware that the product they bought was produced responsibly.

Ecolabels are a useful tool for informing customers about a company's sustainability initiatives. This is an obvious way to distinguish sustainable products from non-sustainable ones and reassure customers that the goods or services have been sourced ethically. The business may display labels following certification or source from certified suppliers, depending on the certification requirements.

2.2.3.2 Reporting/Disclosures:

Disclosure of the firm's action, progress, and outcome report is crucial for communicating sustainability-related initiatives since it reassures the public that the company acts in accordance with its promise. Both internal stakeholders and the general public will be aware of the company's sustainability-related initiatives if a sustainability report is produced and distributed, and if the company uses the internet to inform its customers about how it is managing sustainability.

As per OJK Regulation No. 51 of 2017, sustainability reports will soon be required for all publicly traded companies. The performance and accomplishments of the company's efforts in relation to its commitment are detailed in its sustainability report. It is advised that sustainability reporting be completed annually to allow for year-to-year evaluation and help the organization enhance its sustainability initiatives over time. To give a more thorough reporting on the company's sustainability initiatives, it is advised that an annual sustainability report be kept apart from an annual report.

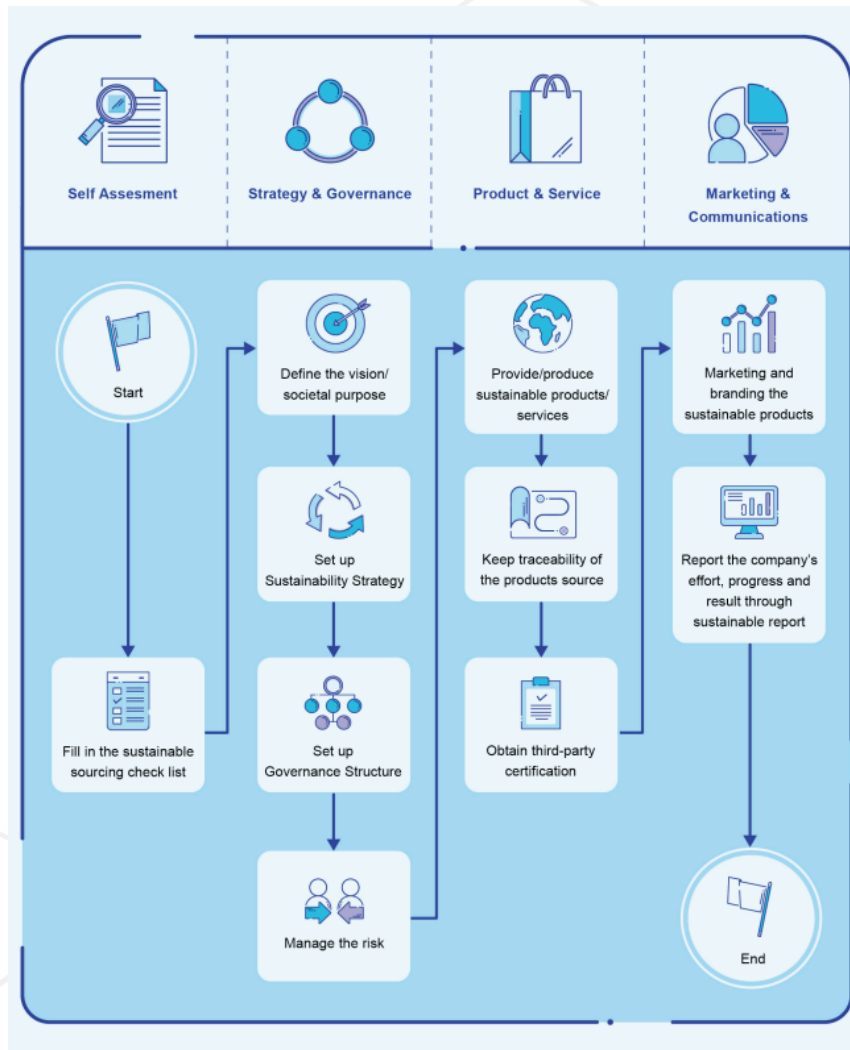


Figure 2: Flowchart of the guideline to sustainable sourcing

2.3 Sustainable Production and waste:

The EPA defines sustainable manufacturing as "the creation of manufactured products through economically-sound processes that minimize negative environmental impacts while conserving energy and natural resources." To achieve real sustainability, firms must examine every aspect of their supply chain and manufacturing operations to identify areas for improvement and optimization.

-Recycling and circular supply chains: The OECD suggests increasing the proportion of old materials used in the manufacturing process. A closed-loop strategy, or circular process manufacturing lifecycle, meaning that when a product approaches the end of its useful life, it is collected and reused to create a new product. Manufacturers may use energy, raw materials, and other resources more efficiently while also minimizing waste and pollution.

-Renewable energy: The Energy Information Administration (EIA) predicts that renewable energy will account for 27% of total world energy consumption by 2030. This will be possible because of an

increase in global attempts to make renewable energy more accessible and practical, particularly for commercial applications. Today, many firms are looking for more profitable strategies to transition to sustainable energy. This includes installing renewable (typically solar) energy microgrids and becoming prosumers by storing and redistributing the collected power.

-Green and ethical raw materials: Vetting and tracking the origins of raw materials is an essential component of any sustainable manufacturing plan. Raw industrial materials are frequently acquired from countries that do not consistently adhere to strict environmental and labor regulations. Traditionally, this is the stage at which organizations are most vulnerable and exposed to massive potential risk. Aside from any unacceptable ethical ramifications, the potential of a recall or PR controversy frequently arises at this point.

-Sustainable product design: Einstein once observed, "We cannot solve our problems with the same thinking we used to create them." The greatest manufacturers understand that "sustainability" cannot be realistically injected into existing products and processes that were not designed with it in mind. Smart manufacturing software enables designers and R&D teams to work together on a single platform to create simulations, analyze data, gather consumer feedback, and integrate end-to-end production processes. The practice of sustainable design involves some of the following principles.

- Uses less packaging.
- Is more minimalist in design, with less unnecessary pieces.
- It is meant to reduce complexity in production and assembly.
- Has constituent elements that are readily removed and recycled.
- It is developed for durability rather than obsolescence.

-Conservation: Large firms are increasingly supporting worldwide conservation efforts to safeguard their raw material suppliers and the natural resources on which they rely. It is nothing new for huge corporations to want to align their brand with socially responsible causes. However, today's collaborations are more than just cash sponsorships. Conservationists are advising modern businesses on how to better understand and establish a sustainable culture across all of their teams and worldwide supply networks.

Benefits of sustainable manufacturing:

Obviously firms would find it difficult to apply sustainable manufacturing practices without any return, but having a sustainable manufacturing process also benefits firms. Everyone benefits from a strong economy, from the CEO to the consumer. Sustainability projects must be implemented with a win-win mentality in order to be practical and realistic. This includes promoting significant environmental results while also assisting in cost reduction and profitability. In light of this, organizations like the OECD, EPA, and EU Advisory Board are refocusing their efforts to create and advance policies that support long-term economic expansion and business success, such as the ones listed below.

-Addressing emerging consumer trends: Customers show an increasing preference for doing business with ethical and green enterprises each year. Actually, 73% of Gen Z buyers are prepared to pay more for a product that is more environmentally friendly, and many are growing wary of greenwashing in contrast to clear and observable pledges to morally and environmentally responsible company operations.

-Building brand equity: Modern consumers expect more options, better prices, and quicker delivery. Brand loyalty has also decreased as a result of the increase in online buying. Building distinctive,

verifiable brand features like sustainability and ethical values is therefore more beneficial to organizations than ever before.

-Profiting from subsidies: Risk aversion and the need to prevent penalties or losses are major drivers of greening operations for many businesses. However, governments may offer substantial financial subsidies to businesses that can demonstrate "tangible and visible" proof of considerable green initiatives. With automated searches for fresh and new opportunities and subsidies, smart technology can assist in this endeavor.

-Increasing appeal to investors: A company's dedication to sustainable and ethical standards conveys a picture of success and "...ethical corporate behavior, which reduces investment risk," as Forbes reminds us. A business might attract new green investors by implementing sustainable production strategies.

-Becoming more appealing to skilled job seekers: These days, even the most prosperous companies in the world have trouble finding qualified candidates. According to 49% of Gen Z respondents to a Deloitte survey, a potential employer's values have a significant influence on their decision to accept a position. According to a different UK survey, 65% of participants of all ages stated that they would like to work for an organization with robust environmental regulations.

-Saving money and decreasing expenses: Reducing waste and improving resource and energy efficiency are, of course, central to sustainability. A thorough analysis of present procedures and ways to streamline and enhance them can be beneficial for any firm.

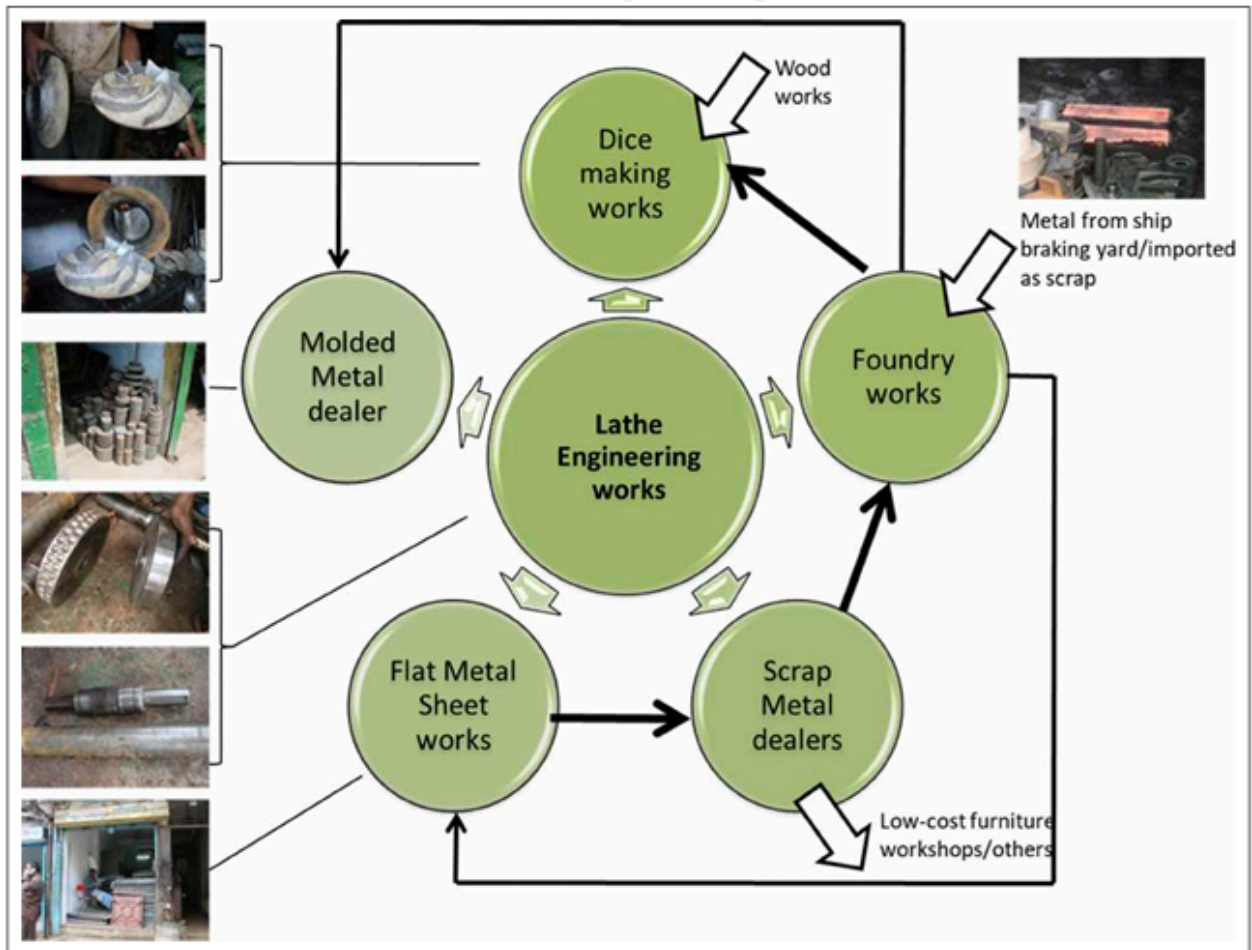
According to an article made by BISWAS (2024), which examines how informal industrial sectors manage to reach a somewhat sustainable manufacturing process without the need for academic experience or much technical knowledge. The article further explains that the motivation for this practice is solely for economical benefits, where a resource is used to its maximum potential without the need to buy new resources to manufacture different products, for example, they even managed to make shoes from discarded rubber tires. Diving deeper into their practices can yield some benefits by taking inspiration from their practice and upgrading it. The following are some possible solutions from Bangkok that can be implemented worldwide:

Pattern 1: Lathe Engineering Works:

Product samples were frequently sent to Dholaikhal's lathe engineering workshops along with orders. The workshops gathered metal sections for basic items from molded metal shops, which are often located in Dholaikhal or other places like Jatrabari, Demra, and Postogola. These stores offer metal parts in a range of shapes and dimensions, frequently casting them in both big and small foundries. Most of the metal used was recycled from scrap produced in Dholaikhal workshops, although some was imported or gathered from Chittagong shipbreaking yards.

Lathe shops approached dice-making workshops, primarily in Bongram, to get molds for casting metal pieces for more intricate goods. Making dice frequently requires working with cast iron and wood. The dice maker is solely responsible for finishing the mold. Typically, foundry work for cast iron components was done in Dholaikhal and Bongram, whereas woodworking was found in Badamtoli. Flat metal sheets are sometimes required for lathe engineering projects, but they are often handled as a distinct industry. Typically, Nawabpur is where additional accessories are purchased.

Scrap traders gathered, sorted, and sold scrap metals from different workshops. Larger quantities of flat metal sheet were sold to furniture-making workshops, which are often found in Jatrabari and Sayedabad, while shreds of metal were recycled in foundries. By linking disparate sectors in several places, this network created a closed flow of metal without appreciably raising production costs through additional transportation. This is a graphic representation of the flow.



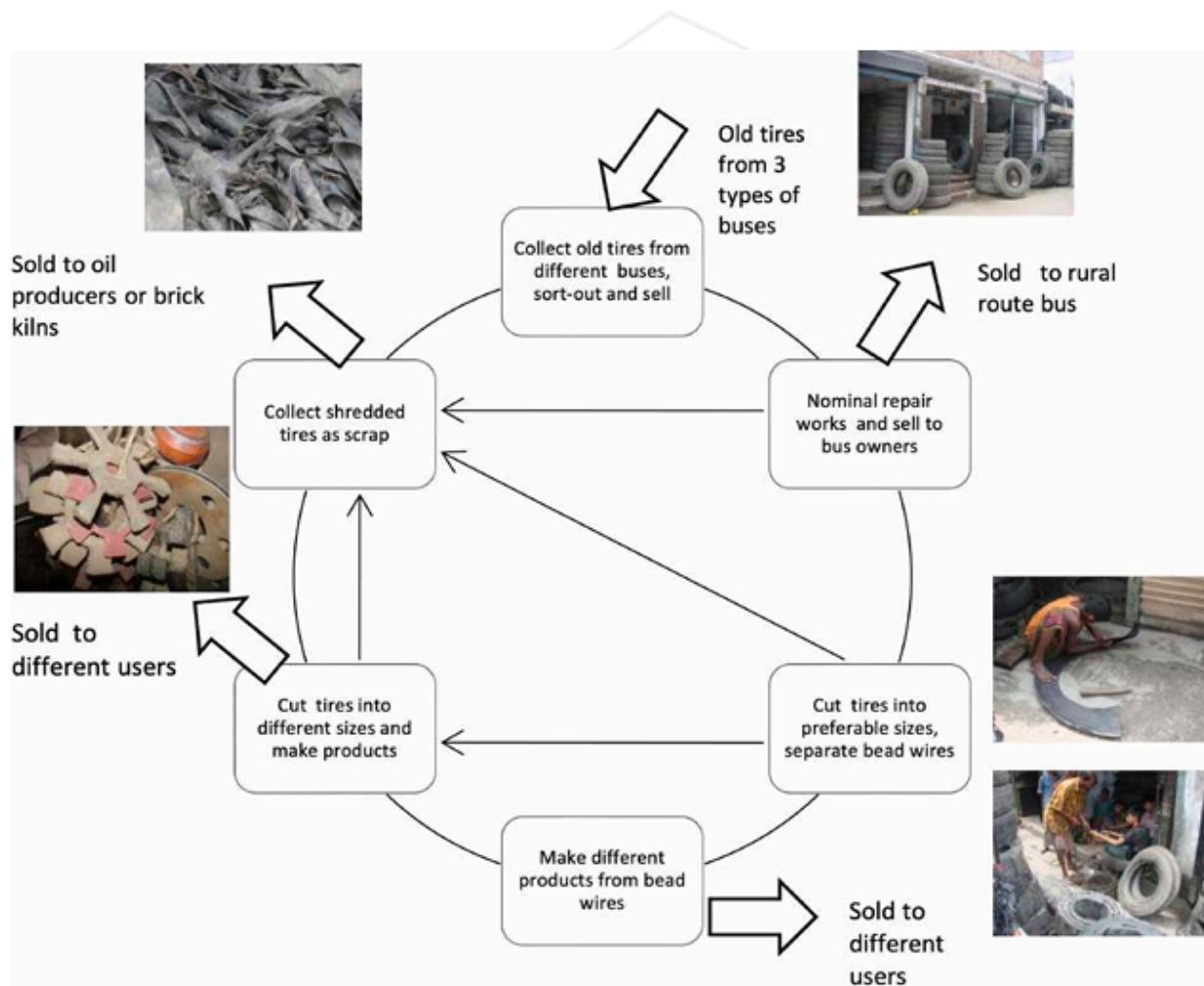
Pattern 2: Old Tire Retreading

It was discovered that these workshops dealt with used tires.

Every component of an old tire was either recycled or used to create a wide range of new goods. This tire cluster was made up of five major workshop groups. Based on demand and type, the first group bought used and rejected tires, sorted them, and sold them to other workshops. For rural vehicles, the second group fixed tires that were less damaged. The fourth group, which made springs and shock absorbers in Jinjira and Keraniganj on the other side of the Buriganga River, purchased the irreparably damaged tires that the third group had gathered, cut into sections, and detached the bead wires from. Sections of cut tires were sold to other shops.

The fifth group used cut pieces to create a variety of items, such as belts for different machines, hinge guards, shock absorbers for engines and car bodywork, and parts for machinery used in shoemaking, boat construction, textiles, river excavation, low-cost furniture, and bolt joints. Employees were seen to possess a high degree of manual cutting proficiency.

All year long, scrap traders gathered torn tires from cutting businesses to sell. Tire shreds were used to make oil and as fuel for brick kilns. Tire scraps were burned to produce carbon black and oil during the oil production process. While carbon black was used as fuel or infrequently processed, the oil was typically utilized as industrial fuel or further refined to diesel. Tire scraps were utilized as fuel in brick kilns. Every component of an old tire was collected or used again to create new products, demonstrating a closed material flow. The only cluster in this cycle that was situated outside of Dholaikhal was the bead wire workshops. The following is a graphic representation of the cycle.

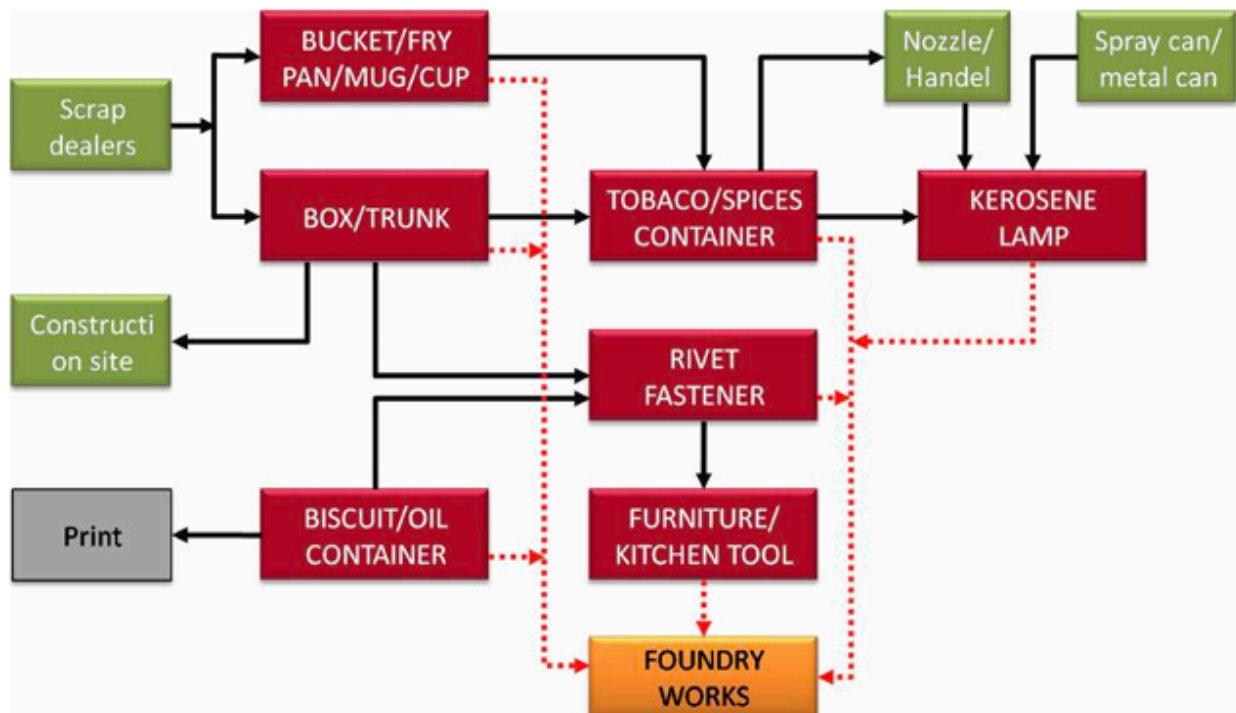


Pattern 3: Metal Products Manufacturing

A thorough analysis was conducted of at least 16 small-scale manufacturing facilities, often known as workshops, that produced a range of minor metal goods in Imamganj. Both fresh and old/used raw materials were used in the production processes of these workshops. Generally, imports of thin, flat metal sheets were kept in warehouses known locally as "godowns." The majority of these warehouses were located in Imamganj, which provided bulk and retail services to the entire city. A few of the godowns have cutting equipment for effective operations.

Typically, the Imamganj region produced household goods such as buckets, box trunks, cooking pans, measuring cups, and mugs. Old metal handles for buckets and box trunks were bought from vangari shops (scrap merchants) and repurposed rather than being made on-site. Baking molds, oil cans, biscuit tins, kerosene containers, tar cans, and other types of containers were also made here. Across the Buriganga River, in a different location, container marking was done. Workshops that made tiny containers for things like tobacco, betel nut, and spice products purchased the leftover metal portions. Furthermore, several local workshops used metal cans, such as various kinds of aluminum beverage cans, spray cans, etc., to make kerosene lamps. The handle and bottom of the lamp were constructed from the same can or spare metal pieces, and these thin, cylindrical cans were divided into two or three portions, depending on length. The lamps were fitted with individually made nozzles. Cotton filaments were manufactured in different industrial processes and sold to consumers in different stores. Lamps and other metal items that were discarded were recycled back into the garbage cycle. Finally, several times a year, scrap dealers gathered scrap metals from the factories, sorted them, and sold them to various customers. Larger pieces of scrap metal were utilized to make inexpensive furniture, kitchen equipment, rivet fasteners, and to bind bent bars in steel mills and building sites. In

foundry workshops, metals that were too tiny to be reused were recycled. Through scrap merchants, the remaining metal components were delivered to end consumers. The following figure shows the process of metal products manufacturing.



2.4 Further Reading:

General overview of sustainable waste management:

<https://wastemission.com/blog/what-is-sustainable-waste-management/>

introduction to Enterprise resource planning:

<https://www.sap.com/products/erp/what-is-erp.html>

Full guideline of sustainable sourcing made by the WWF:

<https://www.wwf-scp.org/wp-content/uploads/2021/08/Sustainable-Sourcing-Guideline-ENG-Spread-2.pdf>

Sustainable manufacturing overview:

<https://www.sap.com/products/scm/what-is-sustainable-manufacturing.html>

Industrial waste management guide by the EPA:

<https://www.epa.gov/smm/guide-industrial-waste-management>

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Biswas, Sudipti. "Sustainable Waste Management Practices in the informal sector: Towards industrial symbiosis." *Environmental Research and Technology*, vol. 7, no. 3, 30 Sept. 2024, pp. 378–394, <https://doi.org/10.35208/ert.1284481>.

Dr. Gerd Müller Director General of UNIDO. "United Nations Industrial Development Organization." *UNIDO*, www.unido.org/.

"Sustainable Manufacturing: The Future of Industry." *SAP*, www.sap.com/products/scm/what-is-sustainable-manufacturing.html.

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3. Agenda Item II: Promoting Inclusive Economic Institutions for Equitable and Sustainable Industrial Growth

3.1. An Introduction

3.1.1 The Right Path: Economics or “İktisad”

Scarce (adjective): *If something is scarce, it is not easy to find or get⁽¹⁾.*

Scarcity (noun): *A situation in which something is not easy to find or get⁽²⁾*

Economics. Economics is a mystical field of study that many of us based on the opportunities granted by the lottery of birth—opportunities often determined by both status or class in which we belong and economical circumstances. In this world, and especially in the country you currently reside in, it’s a subject we hear about constantly from the news, our families, friends, and neighbours. In today’s Turkey, everyone knows at least a little about economics—unfortunately, they must. But what exactly is economics? More importantly, what is economics not?

The origin of the word "economics" is said to stem from the idea of the "right path"⁽³⁾. In a sense -this idea is true for “iktisad” word- , this is true, as economics is, by definition, the science of seeking the most efficient ways to utilize our scarce resources. In other words, it is about finding the right path for managing scarcity. Non-scarce resources, like air, are not the subject of economics. However, any resource that can become scarce—such as water, energy, land, or even time—falls within its scope. Time, for instance, is perhaps the most striking example of scarcity. No matter how wealthy or resourceful we are, none of us can create more time. Therefore, economics challenges us to allocate this finite resource wisely, balancing work, leisure, and personal growth in a way that maximizes our overall well-being.

In today’s world, economics plays a crucial role in how we understand and manage resources. It serves as a reminder that progress is achievable when we acknowledge the importance of economic systems and adapt to the changing dynamics of the world around us. You see, for us who'll spend a minimum of 70 to 90 years living⁽⁴⁾, while maybe a tad better judgement about our scarce resources than those of our great-grandfathers, still leave much to be desired. After all, in the economy and finance, time is essentially infinite in its cost. What could be more priceless and scarcer than the cost of spending time with our hobbies, our soon-to-be families, both present and future?

The most fundamental misconception about economics is reducing it solely to "money." But aren't our emotions also scarce resources? What about our motivation, our anger, or even ourselves? Aren't these, too, finite and valuable? For instance, think of the motivation needed to chase a dream—it isn't infinite. Once spent, it requires effort to replenish. Or consider anger in the face of injustice: it can be a powerful resource for change, but when misused or exhausted, it leaves us drained. Even our ability to love and care for others is finite, shaped by the time and energy we can devote to our relationships. Economics, at its

core, teaches us to recognize scarcity and use what we have wisely, and this wisdom applies as much to our emotions and inner resources as it does to material wealth.

Every human emotion is fundamentally a form of energy. Just as a car's engine derives energy from fuel, LPG, or electricity, humans generate energy for existence by harnessing their emotions, motivations, or sense of self. Similarly, the choices we make and the attitudes we adopt in different situations also fall under the domain of economics. If you take a moment to revisit the bar scene from **A Beautiful Mind**⁽⁵⁾, you'll see exactly what we mean.

Economics explains what we do with every scarce resource, and in doing so, it employs both logic and mathematics. In essence, whether we're choosing an apple over a pear at the market or deciding whether to part ways with a loved one or hold them even closer, we are engaging in economics. Economics is very much like an extremely specific accent within the language of mathematics. It's akin to the unique dialect spoken in a specific region, such as the Glaswegian accent in Glasgow, Scotland. Just as Glaswegian has its own distinct expressions and intonations that set it apart from standard English, economics takes the universal structure of mathematics and molds it into a form that addresses scarcity, trade-offs, and optimization.

At the same time, economics is like a rich stew made from a mix of all social sciences, served with mathematical precision. Most economic theories are supported by mathematics. For instance, each of us has a "function"—individuals aim to maximize their utility, firms their profit, and governments' societal welfare. This is where economics asks its most fundamental question: how can scarce resources be used in the best possible way? And the answer lies in striving to maximize whatever we define as our utility.

3.1.2 The Term of Utility

In economics, utility⁽⁶⁾ refers to the satisfaction or pleasure derived from consuming goods and services. It is a measure of the benefit or value that individuals gain from the consumption of products, services, or experiences. Utility is often used to explain consumer choices, as individuals are assumed to make decisions that maximize their overall satisfaction or happiness, subject to their available resources.

Life is far too complex to be lived with a definition for utility solely as money. But what about happiness? Is it truly about chasing the next fleeting moment of joy, or is there something deeper? Imagine a workout session you dragged yourself to, one that you didn't want to attend but pushed through anyway. It wasn't a joyful experience in the moment, but did it not leave you feeling accomplished afterward? Did it not build your strength, boost your mood, or bring you closer to a long-term goal? Now, think of moments in life where you've sacrificed short-term happiness for something greater—like choosing a demanding job or enduring hardship for the sake of a loved one. These may not be "happy" moments in the traditional sense, but they yield rewards that go beyond immediate satisfaction. Perhaps it's the sense of purpose or the growth you gain from doing something difficult, even when it doesn't bring instant happiness. In this way, utility—what we gain from an experience—can

be much more nuanced than just pleasure or money.

So, what is utility for you? Is it money, happiness, or pleasure? As mentioned before, life is far too complex to be lived solely for money. And again, but what about happiness? Think of a workout session you went to reluctantly, one you didn't want to attend but completed nonetheless. It wasn't a process that made you happy, but it still yielded something in return, didn't it? When it comes to individuals, what we economists call "utility" can essentially be anything. But firms? Well, they're certainly a lot more boring. In economics, firms aim to maximize their profit. They don't really aim for anything else.

3.1.3 The Utility of State: Welfare

So, let's get to the heart of the matter: what does the state define as "welfare"? Why, and more importantly, how does it try to maximize it? And even before we tackle these questions, we must ask—what is the state? What are institutions? Without understanding these foundations, any attempt to discuss this agenda will likely lead us to incorrect answers—or worse, to asking the wrong questions altogether.

In development economics⁽⁷⁾, the welfare function of the state is the mathematical representation of how it prioritizes the well-being of its citizens. This function often balances multiple objectives: income equality, economic growth, access to education and healthcare, and the quality of public infrastructure. In simple terms, the state's role is to maximize collective well-being by allocating resources in a way that serves society as a whole, especially the most vulnerable. For instance, consider a country struggling with high unemployment. The state might invest in infrastructure projects, not just to build roads or bridges, but also to create jobs, stimulate economic activity, and reduce inequality. Or think of public healthcare. A government might subsidize vaccinations, not because they bring immediate profit, but because healthier citizens lead to a more productive society in the long run.

At its core, the state is an institution designed to coordinate and allocate resources on a scale individuals or firms cannot. While firms focus on profit and individuals on utility, the state's welfare function encompasses a broader view: maximizing not just GDP, but the overall quality of life for its citizens. Ultimately, the state's role is to navigate the trade-offs between competing goals—like growth versus equality or efficiency versus equity—and find the "best path" forward. This is why understanding the welfare function is critical: it reminds us that the state's decisions should reflect the collective priorities of society, not just the interests of the few. Of course, theory doesn't always translate into practice. Governments don't always get it right—sometimes they build roads to nowhere, subsidize industries that fail, or create policies that benefit the few instead of the many. But, hey, at least they keep us economists busy!

Okay, then who or what are the state and the government? And what tools do they employ to maximize welfare? To answer these questions, we must first understand what the state is, how it exists, why it exists, and how it designs systems that affect all of us.

3.1.4 From Tyranny to Democracy: A General Introduction to the “State and Institutions”

The history of the state is not coordinated with the history of humanity. This is because humans lived as hunters and gatherers for a very long time. The civilization of that era, limited to their caves, remained legitimate for a long period. Of course, there were leaders in those caves, but these leaders cannot exactly be called monarchs or state-like figures. This is due to the definition of the state. The state can be defined as an organized authority that establishes political, legal, and administrative order in a society, asserts sovereignty over a specific territory, and is created to regulate social life, ensure security, and meet collective needs. Therefore, we can say that the origins of state-like formations in human history fundamentally began with the Agricultural Revolution.

3.1.4.1 “The State of Nature (Doğa Durumu)”

In political philosophy, there is an important question: "Why did people create the state? Could people not live without establishing states and being bound to them?" The two main answers to these questions are fundamentally tied to one concept: the state of nature. According to Thomas Hobbes⁽⁸⁾, in the state of nature, people were constantly at war with each other, creating a chaotic environment where security and peace did not exist. Hobbes argues that to end this "war of all against all"⁽⁹⁾ (*bellum omnium contra omnes*), individuals gave up their natural freedoms and granted absolute authority to a sovereign, thus ensuring order and peace. David Hume⁽¹⁰⁾, on the other hand, views the state of nature in a softer framework and explains the need for the state not just by the instinct of survival but also by the necessity of cooperation and social benefit. Hume states that individuals came together to create common rules, and these rules gradually institutionalized, forming the structure of the state. Both Hobbes and Hume emphasize that a life without the state would fail to meet humanity's pursuit of security, justice, and well-being, viewing the existence of the state as a necessity. Of course, what matters more here is not the differences between Hobbes' or Hume's ideas but understanding why people created the state. Because in political philosophy, there are many definitions and arguments about the state of nature. However, most philosophers working in political philosophy would likely agree that the legitimacy of the state's existence ultimately derives from the power granted to it by humans. The way to do this is through the social contract.

3.1.4.2 Legitimacy of the State's Power: The Social Contract

The social contract is the idea of a system created by individuals transferring some of their natural rights to the state in exchange for the expectation of security, order, and justice. This concept holds a central place in political philosophy, particularly in the works of thinkers such as Thomas Hobbes, John Locke, and Jean-Jacques Rousseau⁽¹¹⁾. Hobbes argues that people accepted obedience to an absolute sovereign in order to escape the chaotic state of war in the state of nature, while John Locke⁽¹²⁾ states that the social contract was formed to protect individuals' rights to life, liberty, and property. According to Locke, when the state fails to

protect these rights, the people have the right to dissolve the contract. Rousseau, on the other hand, sees the social contract as a method by which individuals regain their freedom based on the "general will," defining this process as the foundation of popular sovereignty. The concept of the social contract is not only a philosophical discussion but also a concept shaped by historical events. For example, the Magna Carta of 1215 can be seen as an early example of the social contract, as it limited the powers of the monarch with the consent of the people. In the 18th century, the American and French Revolutions were pivotal moments for putting the social contract into practice and establishing new states based on the principle of popular sovereignty. In this context, the social contract holds both philosophical and historical significance as an instrument that forms the foundation of legitimacy between the individual and the state. The answer to the question of why people created the state becomes clear here: The state is a structure that protects the rights of individuals, organizes society, and prevents chaos, but this structure always derives its legitimacy from the consent of the individuals.

3.1.4.3 The Change Regarding the State's Power

With the Agricultural Revolution, humanity transitioned to a settled lifestyle, leaving behind the constant conflict between individuals during the hunter-gatherer period. The new social order brought about by the Agricultural Revolution typically brought communities together around river basins. However, the complexity and density of these communities made it necessary to establish a greater power to regulate relationships and maintain order. This power formed the foundation of the state, which was created to preserve social order and prevent conflicts. Throughout history, the social contract has involved only two parties—the state and the people—but the ways in which states implement this contract and sustain their power have continuously evolved.

Initially, monarchical systems, where power was concentrated in a single person, such as kings, were prevalent. Over time, however, there was a shift towards aristocratic rule, followed by the formation of assemblies representing the people, and eventually, the transition to democratic systems where power was directly vested in the people. While the necessity of exercising state power through institutional structures has never changed, the nature of these institutions and the legitimate conditions upon which they are based have undergone transformation throughout history. In the modern world, people now decide, peacefully and without resorting to violence, through elections, to whom this power will be entrusted. This represents the most mature point humanity has reached in its quest for order: the state now exists as a structure that protects individual rights, ensures justice, and places the will of the people at the foundation of its legitimacy.

For a long period of time, societies were governed by kings, sultans, emperors, and monarchs. The full authority of the state was concentrated in the hands of a single individual, and in some cases, not only the powers of the state but everything within its borders was considered the property of the ruler. The greatest example of this patrimonial system is the Ottoman Empire after Fatih Sultan Mehmet⁽¹³⁾. Throughout history, our ancestors,

great-great-grandparents—or perhaps even ourselves—have often been forced to submit to the will of kings, sultans, and emperors. However, humanity has also succeeded in resisting these absolute forms of rule and in developing new systems that prioritize individual rights. Over time, not only did humans transform the wheel into gears, but they also learned from their mistakes, gradually shifting from exclusionary systems and institutions to more inclusive structures.

From the Magna Carta to the French Revolution, from constitutional systems to democratic regimes, peoples have fought for the representation and freedoms they deserve. This transformation laid the foundations for the modern state, marking a pivotal moment in the history of governance by transferring power from a single person to the people. These systems, shaped by direct democracy in Athens and the early republican model of representative governance in Rome, are seen as the first steps in humanity's pursuit of justice and representation. However, the limitations of these systems became evident in their inability to be inclusive of all segments of society. From ancient times to the modern era, the primary goal of governance has been to produce solutions suitable to the needs of society and to protect the rights of individuals. Despite the rise of absolutist regimes during the Middle Ages, texts like the Magna Carta and the Enlightenment period's ideas revived the democratic ideals advocating for popular participation in governance.

This process of transformation reached its peak with the slogan of “Liberté, égalité, fraternité” -equality, liberty, and fraternity- during the French Revolution, further solidifying the idea of popular sovereignty in a broader context. In the modern era, these historical experiences paved the way for the development of representative democracy and constitutional systems. Throughout this journey, from Athens to today, humanity has never ceased its pursuit of justice and equality; thus, the foundations of transparent, accountable, and individual rights-protecting state structures were laid. The success of today's democratic governments is the result of this long historical accumulation and humanity's quest for more **inclusive** and just systems.

3.2. The Question: To Be Inclusive or Not to Be Inclusive

Since their existence, states have used various tools to fulfill their duties. These include armies for defense and offensive objectives, financial institutions to manage fiscal operations, and monarchs, şahs, sultans, aristocrats, bureaucrats, or bureaucratic institutions to exercise executive power. These tools are vital for the sustainability and functionality of the state. Even sultans, as single individuals, have recognized their limits as individuals and viewed these structures as supportive elements.

Even in the Ottoman Empire, where the patrimonial system prevailed and everything was fundamentally considered the sultan's property, we can observe traces of the institutions and organizations explained in the previous paragraph. The most well-known example is the Janissary Corps, a professional military unit, and even earlier, formations such as the Timarli Sipahis. Additionally, as a financial institution, the Timarli Sipahis, which was integrated with the feudal system⁽¹⁾ until the 16th century, played a crucial role in tax collection and

maintaining order during that period. From the 17th century onwards, the *Iltizam* and the *Mültezims* were engaged in tax collection. Furthermore, institutions such as the *Defterdarlık* were established, and these institutions were of great importance in controlling and managing the state's revenues and expenditures in an orderly⁽²⁾ manner.

The patrimonial structure of the Ottoman Empire, and particularly the reforms implemented by Sultan Mehmed the Conqueror during his reign, both prevented the formation of an aristocratic class⁽³⁾ and allowed him to fully assume executive power⁽⁴⁾. Even during the period when this system continued until the declaration of the First Constitutional Monarchy⁽⁵⁾, institutions were created that distributed executive power. The greatest and most critical example of this is the office of the *Sadrzams*. In fact, after the reign of Suleiman the Magnificent, this position gained even greater importance and, at times, even managed to surpass the authority of the Sultan. The period of Sokullu Mehmed Pasha⁽⁶⁾ and the *Köprülü era*⁽⁷⁾ are the prime examples of this. Therefore, even in autocratic regimes, it is possible to see the existence and influence of institutions.

Although the presence of institutions has been felt throughout history, whether in the world's most democratic regimes or the most tyrannical ones, institutions have continued and will continue to exist. In fact, especially with the Nobel Prize awarded to Daron Acemoglu this year, these institutions have increasingly come to the forefront on platforms like TikTok, YouTube, Facebook, and Twitter. However, in certain countries, millions, and even hundreds of millions, are suffering from the lack of these institutions or their inability to function effectively. The function and effectiveness of institutions remain one of the most critical factors shaping the future of a society. This is because institutions not only ensure the survival of a state or regime, but also play a central role in protecting citizens' rights, distributing economic opportunities equitably, and maintaining social peace.

Institutions have a vital importance in economics, especially in political economy. The heart of a state that has secured its legitimacy lies in the political and economic institutions it has established. While there have been thousands of studies on institutions, the most critical one is Daron Acemoglu's theory of "Inclusive and Extractive Institutions."

Daron Acemoglu's⁽¹⁴⁾ work on "inclusive" and "extractive" institutions has once again highlighted why this structure has been so decisive in human history. Inclusive institutions encourage individuals' participation in economic and political processes, while extractive institutions are typically designed to protect the interests of elites, deepening societal polarization. Throughout history, the difference between these two types of institutions has been one of the most important factors determining the rise and fall of civilizations.

The discussions we see today on social media platforms, cafes, or even our dinner tables demonstrate that these concepts are not just an academic curiosity but also significantly impact individuals' daily lives. For example, in a country where institutions are weakened by corruption or are indifferent to the demands of the public, issues such as economic stagnation, social unrest, and injustice deepen. On the other hand, countries with transparent, accountable

institutions that prioritize the needs of the people create a more sustainable environment for growth and peace.

Unfortunately, today billions of people around the world continue to live under the shadow of extractive and dysfunctional institutions. This situation not only fuels economic inequalities but also nurtures social conflicts and mistrust. However, one thing history teaches us is that institutions can change and be strengthened through reforms. Whether under tyranny or democracy, the fate of societies will continue to be shaped by the quality of their institutions and the will to rebuild them in a way that serves the needs of the people. In the end, for the citizens of a country, geography, language, or culture are not the fundamental determinants of destiny. The greatest fate in the lottery of birth is essentially the institutions of the country in which we are born.

3.2.1 Introduction to the Institutions

3.2.1.1 Defining the Hands and Feet of The State

In political economy, institutions are defined as the set of official or unofficial rules, norms, and practices that regulate the economic and political processes of societies. Economists like Douglas North⁽¹⁵⁾ have referred to institutions as the "rules of the game," emphasizing that these rules shape economic and political interactions. Institutions regulate relationships between individuals and groups, reduce uncertainty, and enable cooperation. They are also the hands and feet of the state. States can regulate and change both official and, often, unofficial institutions.

3.2.1.1.1 Formal Institutions

Formal Institutions are institutions based on written rules, laws, regulations, and clearly defined norms. At the same time, formal institutions regulate the relationships between individuals and groups, resolve conflicts, and maintain social order. These institutions are typically under the direct control or supervision of the state and play a significant role in shaping the economic and political structure of a society.

These formal institutions have a written and explicit structure, which allows them to be concretely defined through legal documents, constitutions, laws, and regulations. This characteristic makes it possible for the rules and practices to be understandable and predictable for everyone. For example, a constitution is the most fundamental written document regulating the functioning of the state and ensuring citizens' rights, government powers, and the rule of law. An example of such a formal institution is the Constitution of the Federal Republic of Germany, which, while protecting the fundamental rights of its citizens, also clearly defines the powers of the state's executive, legislative, and judicial branches. This written framework ensures both the protection of individual rights and the maintenance of social order.

Formal institutions have a mechanism that ensures the enforcement of established rules. This mechanism typically operates through state apparatuses such as courts, police forces, and regulatory agencies. This ensures that the rules are not merely theoretical, but effective in real-life situations. For example, in the case of a traffic law violation, traffic police have the authority to enforce the law and apply necessary penalties. In this way, the deterrent power and impact of formal rules are strengthened.

Formal rules make the behavior of individuals and institutions predictable. With this characteristic, they ensure the continuity of social order and allow individuals to plan their economic and social lives. For instance, the consistency of trade laws makes it easier for businesses to operate securely and predict future economic conditions. In this way, both individuals and institutions can make more informed decisions in their decision-making processes.

Formal institutions are structured in a way that, in theory, applies equally to all individuals in society or, unfortunately, to a specific class chosen by the state ⁽⁸⁾. This principle ensures the rule of law and impartiality of the rules, guaranteeing justice. The rule of law means that no individual or institution is above the law, and its operation based on the principle of universality is essential for maintaining social order fairly. The 1961 Constitution of the Republic of Turkey ⁽⁹⁾ reflects a strong embodiment of this principle. Article 2 ⁽¹⁶⁾ of the Constitution states, "The Republic of Turkey is a democratic, secular, and social state of law based on human rights," emphasizing that the legal system operates on universal principles and underscores the equality of all citizens. Moreover, Article 10 ⁽¹⁷⁾, which states, "Everyone is equal before the law, without distinction based on language, race, color, gender, political thought, philosophical belief, religion, sect, and similar reasons," clearly reinforces the rule of law and the principle of universality. These provisions highlight that in Turkey, formal institutions are shaped on the principles of justice and impartiality, ensuring equal treatment for all citizens.

3.2.1.1.2 Informal Institutions

Informal institutions are social structures and norms that guide the behavior of individuals and groups, which are not determined by written laws and regulations but are accepted within society. These institutions are often a reflection of social relationships and cultural values. Unlike formal institutions, informal institutions are not directly under the state's control, but they have a strong influence on societal life.

For example, the family structure and traditional social groups are informal institutions. The family plays an important role in an individual's life by teaching values and moral rules. Another example is the social networks and friendships at the workplace. These types of relationships, often formed without written rules, are shaped according to personal ties and societal norms. These informal institutions have the power to influence individuals' decisions and behaviors, but they do not have the authority to impose sanctions based on state or written laws.

While formal institutions can be directly altered through the legislative, executive, and judicial organs of governments, informal institutions—such as family structures, traditional social groups, the norms prevailing in the neighborhood we were born in, and the values that dominate the city we live in—may appear complex to change but, in essence, they are quite simple to alter. Informal institutions are not the same as formal institutions, and this fact must be accepted. After all, building a culture is more difficult than building an institution. Changing a culture is far more complex than altering an institution. This is where the unique nature of informal institutions comes into play. Governments, of course, can intervene directly in these as well. For example, in the case of a revolution that topples a dictatorship, the people change their social norms and political mindset before altering formal institutions. The reverse can also be considered: in a scenario where a democratic regime is overthrown by a counter-revolution, leading to the establishment of a theocratic clergy state, wouldn't the people's democratic consciousness be replaced by theocratic norms? This may become a little confusing here. It is precisely at this point that the sacred science of history comes to our help.

For example, Atatürk's revolution not only transformed the formal institutions of the Turkish Republic but also had a profound impact on informal institutions. Particularly the radical reforms in education⁽¹⁰⁾ created a new social consciousness and reshaped the public's value system. Atatürk's alphabet reform was a significant step toward uniting the people and making them citizens of a modern society. Similarly, the rights granted to women raised awareness about gender equality, leading to an important transformation that changed traditional norms within the family structure. These reforms marked a serious effort to change the public's informal norms, habits, and values.

As can be seen, this transformation process was not confined solely to changes in formal institutions but also created a significant shift in the collective subconscious of the people. Family structures, social relationships, and individual values began to align with the reforms led by Atatürk, accelerating the modernization process in every aspect of social life. However, this change was not an easy process. Changing a society's cultural structure is far more complex than political reforms. Atatürk's reforms aimed to bring about profound change not only in the state's legislative, executive, and judicial bodies but also in the fundamental values of society. This change was shaped not only by legal norms but also by societal values and informal institutions. In this regard, the transformation of social norms and cultural structures has been a decisive factor in how deep and lasting a revolution would be.

For the opposite scenario⁽¹¹⁾, an example of such a transformation in history can be found in the Counter-Revolutionary processes that France underwent after the French Revolution. The French Revolution sought to dismantle the monarchy and establish a regime based on modern values such as democracy, equality, and liberty. However, the establishment of these values within society, particularly among the broader segments of the population, was not immediately achievable after the revolution.

In France, the Counter-Revolutionary movements were particularly manifested in the Vendée Uprising and the reactions of the Clergy. These uprisings arose as a response to the revolutionary government's secularization and modernization policies, and they particularly highlighted the rural population's continued commitment to traditional religious values and theocratic understanding. In the years following the French Revolution, during processes like Napoleon's Empire and later the Restoration Period, a transformation occurred in the public consciousness, where religious and theocratic values became more prominent. This transformation indicates a period in which the majority of the population longed for the old theocratic order and attempted to rebuild it.

This situation shows that the collective consciousness of a society can transform by blending old beliefs and values with a new regime, and sometimes, democratic values may be replaced by more traditional or theocratic consciousness. Such a transformation demonstrates how public consciousness, based on religious and traditional values, can be reshaped when confronted with revolutionary or modernization processes, a phenomenon that has many examples throughout different periods of history.

3.2.1.2 Exclusive Economic Institutions

The concept of "exclusive economic institutions" refers to institutions that limit economic opportunities to a small group or elite, thereby preventing broader societal participation in economic processes. Such institutions often grant privileged rights to a specific group while restricting the participation of others in economic activities, creating inequality and injustice.

In Daron Acemoglu's works⁽¹²⁾, exclusive institutions are considered one of the primary causes of widespread economic opportunity inequalities and income distribution disparities in society. These institutions typically preserve imbalances of power within the economy, hinder social and economic mobility, and often reinforce cycles of poverty.

3.2.1.3 Impacts of Exclusive Economics Institutions to the Society

"Man is born free, and everywhere he is in chains."⁽¹⁸⁾ Jean-Jacques Rousseau, when uttering this phrase, meant many things, but for each of us, the chains hold a different meaning. And the greatest chain placed on each of our self-realization, in my opinion, is the lottery of birth and the economic and political institutions that amplify the importance of that lottery. As mentioned in the previous paragraphs, these institutions, when they are exclusionary, cease to be merely chains. They transform into the stone that Sisyphus⁽¹⁹⁾ must carry in his endless cycle. And we, like Sisyphus, in our struggle for self-realization, are forced to be imagined to be happy despite the exclusionary institutions⁽²⁰⁾.

Exclusive -simply bad- institutions prevent large segments of society from benefiting from economic opportunities, while also leaving deep inequalities for the rest of society. For example, in a system where most people are forced to settle for low-wage jobs, it becomes very clear that wealth is not being distributed fairly. With the paths to finding work or achieving better living conditions significantly narrowed, the fact that a handful of elites can

control all the resources of the system just to gain more opportunities and wealth deepens this gap day by day. This inequality not only creates a material gap in society but also fuels social unrest. As people feel the lack of justice and equality more each day, the overall growth of the economy becomes increasingly difficult. While a large portion of society is excluded, only an elite group experiences growth and development, which poses a threat to sustainable economic growth. In the end, this imbalanced structure becomes a major obstacle to maintaining social peace and harmony.

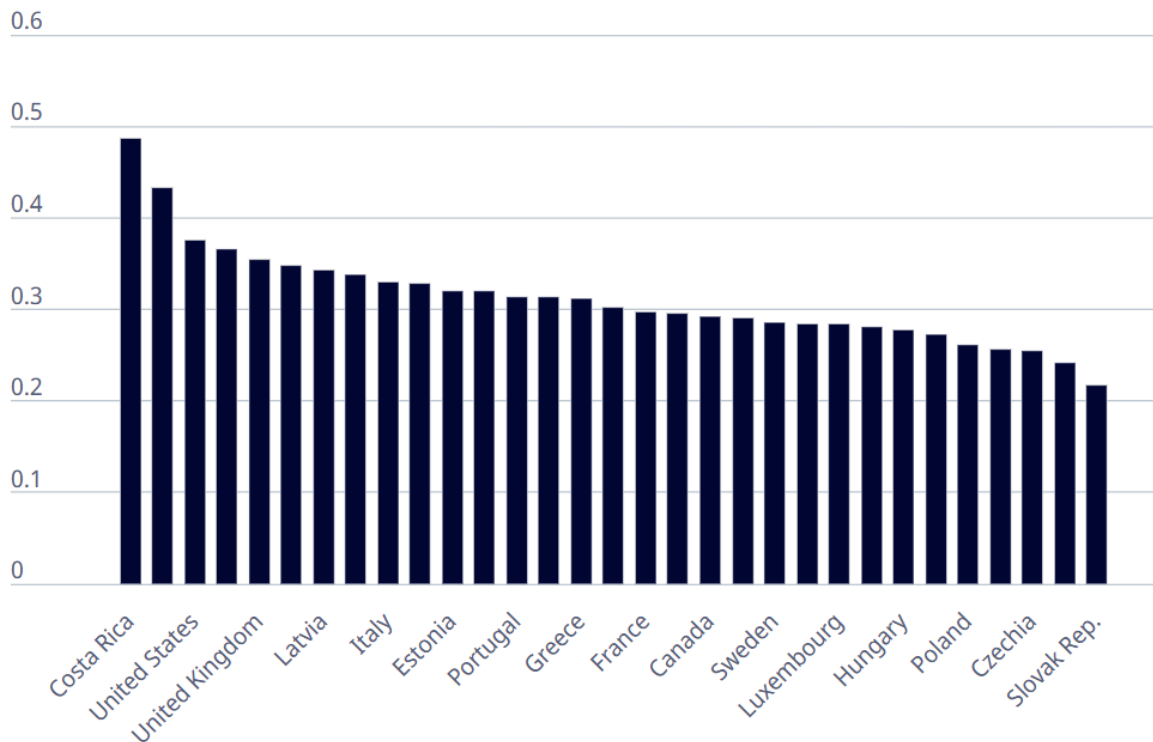
3.2.1.3.1 Income Inequality

The greatest and perhaps the most persistent form of inequality is income inequality. This inequality guides us in understanding the disparity in incomes across households in different countries. We can think of it as a statistic that represents economic class differences. There are many ways to measure this, but here we will use the ⁽²¹⁾Gini Index.

The Gini Index is a widely used statistic to measure income inequality and essentially shows how balanced or unbalanced the income distribution is in a society. The Gini Index takes a value between 0 and 1. A value of 0 represents a situation where everyone has exactly the same income, while a value of 1 represents a situation where all the income is concentrated in the hands of a single individual. Therefore, the higher the Gini Index, the greater the income inequality in the society. In other words, this index clearly reveals the extent of inequality. The emergence of economic class differences not only impacts the development and potential of a society, but also affects the entire country's growth. This is because the increase in income inequality not only disrupts social harmony but also threatens the sustainability of growth by preventing larger segments of the population from benefiting from economic opportunities.

Income inequality (disposable income)

Gini coefficient: 0 = complete equality; 1 = complete inequality, 2021



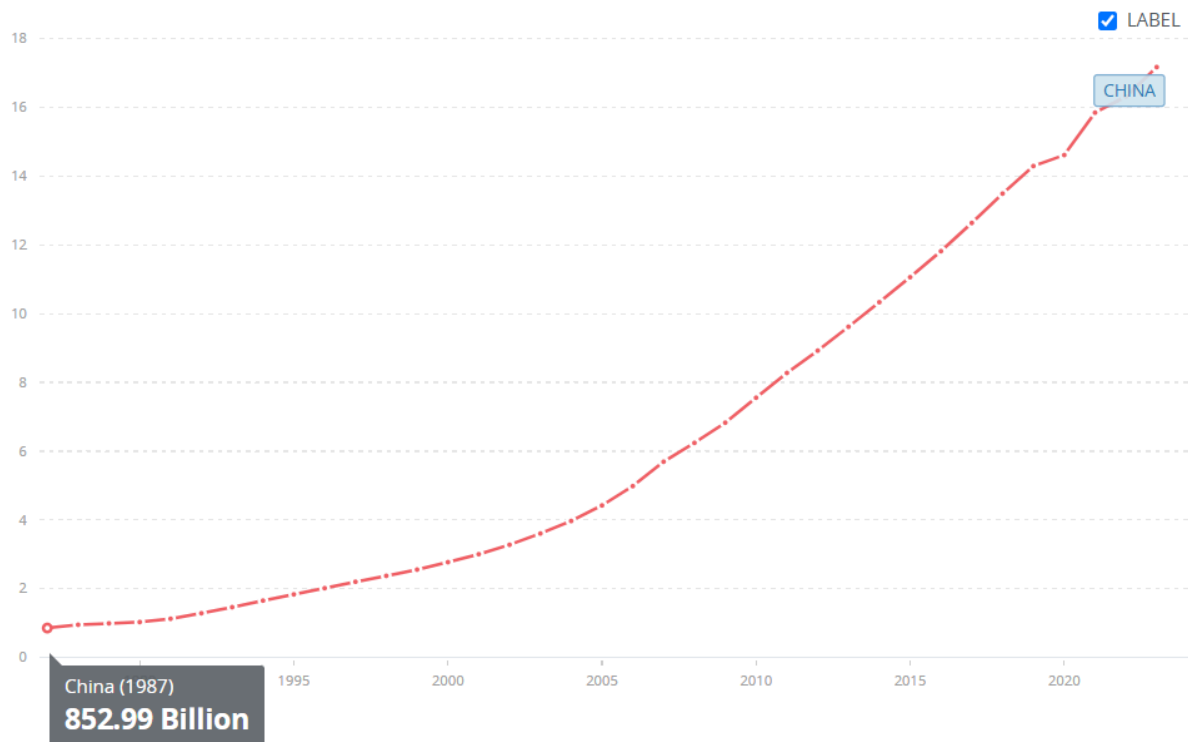
In this context, the approximately 0.3 -point difference between Costa Rica and Slovakia cannot be summarized solely by their economic institutions. However, it is undeniable that Slovakia's more inclusive institutions have had a significant impact on this difference, particularly in terms of income inequality.

3.2.1.3.2 The Restriction of Investment and Innovation

Exclusionary institutions limit access to economic opportunities for only certain segments of society, which significantly hinders entrepreneurship and innovation potential. For innovative ideas to emerge, individuals from diverse social and economic backgrounds must be able to enter the business world and bring their projects to life. However, in exclusionary systems, these opportunities are often allocated only to specific groups or elites. As a result, the majority loses its potential to contribute to the business world. By blocking individuals from realizing their potential to develop new ideas and projects, the system stifles the creation of critical creative ventures that drive economic growth and progress. The suppression of innovation not only harms society but also negatively impacts the national economy, as sustainable economic growth is only possible in an environment that nurtures creative thinking and innovation.

To illustrate this situation, we can look at China's economic development. In the late 20th century, China's exclusionary economic institutions prevented many talented individuals from

realizing their full potential. Particularly during the Mao Zedong era, policies of collectivism and centralized governance stifled entrepreneurship and innovation.



However, in 1978, with Deng Xiaoping's economic reforms and a shift toward a more inclusive economic model, China began to offer more opportunities for entrepreneurship and innovation. These reforms facilitated China's integration into the global economy, leading to a significant burst of innovation, especially in the technology sector. From 364.39 billion 2015 US Dollars, to the second largest Economy in the world.

3.2.1.3.3 Social and Political Instability

Social and political instability is one of the most evident and dangerous consequences of exclusionary institutions. When economic opportunities are only available to a certain group within a society, it deepens inequality and becomes a significant source of unrest for the marginalized majority. As inequalities grow, especially in fundamental areas of life such as education, healthcare, and employment opportunities, these groups begin to feel that their rights are being violated and that they are deprived of equal opportunities. Over time, this can lead to social conflicts, strikes, and other protest movements. When large segments of society feel excluded and trapped in an unjust system, it may erode the legitimacy of the government and other societal structures.

An example of this can be seen in the Arab Spring of 2011. Mass protests in countries like Egypt, Tunisia, and Libya erupted as a response to the deep inequalities created by exclusionary economic and political institutions over the years. In these countries, the elites held the majority of economic opportunities, while the broader population faced

unemployment, low living standards, and unfair governance. As a result, these inequalities fuelled widespread dissatisfaction with the regimes, triggering revolutionary movements.

3.2.1.3.4 Low Human Capital Endowment

Education and human capital are fundamental building blocks for the sustainable growth and development of an economy. However, exclusionary economic institutions often fail to make adequate investments in this area and prevent large segments of society from benefiting from educational opportunities. This situation is especially prominent in low-income and marginalized communities. Education is a critical factor that influences not only individual personal development but also the economic development of societies. However, exclusionary institutions shape the education system in a way that only a specific elite group can access it. This leads to the deprivation of large segments of the population from educational and skill development opportunities.

An example of this can be found in India, where the impact of poverty and social class divisions on education is significant. There is a great deal of educational inequality in India; particularly in rural areas and low-income families, education is often not sufficiently accessible. Elite families can easily access quality education opportunities, while children from poor families face limited options. This results in the formation of a low-skilled workforce.

The long-term effects of this educational inequality on economic growth are also substantial. According to OECD data, educational inequalities diminish a country's contribution to economic growth. A workforce that is uneducated or has received low-quality education cannot foster innovation and productivity, thus hindering the country's long-term economic development potential. Economies can only grow by investing in a high-quality and skilled workforce. Exclusionary institutions seriously restrict this growth potential by preventing the workforce from developing skills and working with higher productivity.

3.2.2 Importance of Inclusive Economic Institutions for Welfare

3.2.2.1 Inclusive Economic Institutions

Inclusive -simply good- economic institutions are systems that provide equal access to economic opportunities for all individuals and ensure that large segments of society are included in the development process. These institutions are not designed solely to benefit an elite group but create an environment where every individual can realize their potential, participate in the business world, and improve their standard of living. Inclusive institutions encompass elements such as ensuring fair competition, safeguarding property rights, promoting equal opportunities in the labor market, and enabling individuals to develop entrepreneurial skills. In essence, they are the opposite of exclusive economic institutions.

These systems offer the infrastructure for individuals to have equal access to basic services such as education, healthcare, employment, and social security. They also promote diversity

in the business world, foster the emergence of innovative ideas, and support a growth model that enhances social welfare. Inclusive institutions create equal opportunities for individuals regardless of their social class or background, making economic growth more sustainable and fair.

One of the key features of inclusive economic institutions is their ability to reduce social and economic inequalities in the long term by providing equal opportunities to all groups within society. Such institutions maximize individuals' potential, resulting in higher productivity and innovation. Furthermore, inclusive institutions help reduce income inequality and discrimination, thus preventing social unrest and establishing a solid foundation for economic growth.

These institutions not only enhance living standards but also contribute to maintaining social peace, increasing social mobility, and achieving sustainable development goals.

3.2.2.2 Examples for Impacts of Inclusive Economic Institutions

We can examine a real-world example of inclusive economic institutions through South Korea. In the mid-20th century, South Korea was an economically underdeveloped country, but through the reforms it implemented to create inclusive economic institutions, it underwent a major transformation. The tragic irony is that, in the mid-20th century, South Korea was economically more backward than Turkey. However, with the power of its institutions, South Korea has become an entirely different country today.

South Korea's⁽²²⁾ success in education not only laid the foundations for the country's economic development but also played a significant role in eradicating social inequalities. By the mid-20th century, Korea's economic situation was quite weak; however, the government decided to increase investments in education to empower the society. This decision aimed to strengthen the entire society through education and maximize the potential of each individual. Under the leadership of the government, equal educational opportunities were offered to every individual. Schools began to spread across the country, from rural villages and towns to large cities, ensuring equal opportunities. This system enabled Koreans to compete in the labor market and succeed on a global scale.

The impact of Korea's educational reforms became evident in a short time. High-quality education created a skilled workforce, which in turn helped establish companies that are now leaders in technology and innovation globally. Korean engineers, scientists, and entrepreneurs achieved great success worldwide, and South Korea's economic power grew rapidly. Today, South Korea's success in technology is a concrete example of how critical investments in education and human capital are.

So, what about Turkey? Although Turkey has embarked on a similar journey, it still faces challenges in some aspects. While Turkey has made significant strides in the fields of education and human capital, it has not yet fully achieved the success that South Korea experienced in ensuring equal opportunities. In Turkey's educational system, especially in

rural areas and among lower-income groups, access to educational opportunities remains a significant barrier. This limits the emergence of potential entrepreneurs and innovative ideas. More resources need to be allocated to ensure that every individual in Turkey has equal access to education and can compete in the labor market.

One of the key factors behind South Korea's success is its inclusive policies in education and human capital, along with the government's continuous investment in these areas. If Turkey adopts a similar approach, ensuring equal opportunities in education and empowering the workforce, it will pave the way for economic development. In this way, Turkey could also have a future like South Korea, where innovative ideas thrive and the foundations for sustainable growth are laid. Moreover, as we can see from this example, every negative impact of exclusive economic institutions can be transformed into a positive one. Institutions are that vital, after all.

3.3. Introduction to the Agenda Item: Promoting Inclusive Economic Institutions For Equitable And Sustainable Industrial Growth

In the context of contemporary global challenges, inclusive economic institutions have emerged as a cornerstone for fostering long-term and sustainable industrial growth. Unlike exclusive institutions, which limit access to resources and opportunities for the majority of the population, inclusive institutions ensure that economic benefits are more evenly distributed across society. As mentioned, these institutions help to create an environment where individuals and communities, regardless of their background, can contribute to and benefit from economic progress.

Inclusive economic institutions are essential for achieving equitable growth because they facilitate broad-based participation in economic activities. They ensure that people have access to education, healthcare, financial services, and legal protections, which are crucial for building a capable and motivated workforce. By creating a fair playing field, inclusive institutions empower individuals to reach their full potential, leading to increased innovation, higher productivity, and stronger industrial growth.

In addition to their role in promoting equity, inclusive institutions are also fundamental for ensuring the sustainability of industrial growth. Sustainable industrialization requires not only economic growth but also the preservation of environmental resources, social stability, and the active participation of all sectors of society. Inclusive economic institutions promote policies that integrate environmental and social considerations into industrial development, encouraging industries to adopt practices that are both economically and ecologically sustainable.

The promotion of inclusive economic institutions is therefore a key policy priority for any nation aiming for sustainable industrial growth. By focusing on the establishment of institutions that are accessible to all, economies can reduce inequality, build resilience, and foster a more diversified and inclusive industrial base. In the following sections, we will

delve into the specific mechanisms through which inclusive economic institutions can drive equitable and sustainable industrial growth and explore the lessons learned from countries that have successfully implemented such reforms.

3.3.1 In Context of Promotion

3.3.1.1 Public Policy Reforms

The fundamental cornerstone of a society is justice and equal opportunity. However, at times, individuals are deprived of these fundamental rights due to where they are born or the circumstances they have. Just as a person's abilities and dreams should not be confined by where they were born, societies must offer equal opportunities to every individual. The first step in ensuring equal opportunity is the establishment of strong and inclusive legal frameworks. Fair regulations must be made in every area, from labor rights to income distribution, social security to tax policies, ensuring that no one is excluded.

Governments play a critical role in this regard. They must ensure that economic growth benefits not only certain segments of society but the entire population. In essential sectors such as industry, agriculture, education, and health, the state should adopt policies that offer equal opportunities, and these policies should not remain mere numbers on a page, but should have a tangible impact on each individual's life. This means reducing social inequality while utilizing the greatest strength of any society—its human capital—most efficiently. Inclusive laws are not just about regulations; they offer every individual the opportunity to realize their full potential. Ultimately, economic growth not only creates wealth but also enhances the well-being of society as a whole.

3.3.1.2 Increasing the Human Capital Endowment in a More Inclusive Way

Education and vocational skill development are fundamental building blocks for sustainable industrial growth. Inclusive educational policies should ensure that all individuals have equal opportunities, with special programs designed particularly for vulnerable groups. These policies should not only focus on theoretical knowledge but also on equipping individuals with industry-specific practical skills. The creation of a qualified workforce is only possible by maximizing the potential of each individual. Furthermore, vocational training and continuous development opportunities enable workers to remain competitive in the labor market. Education should not be directed solely at younger generations but must be accessible to the entire society, ensuring that workers acquire and enhance the skills they need throughout their careers. By engaging all segments of society in education and skill development processes, both individual and collective welfare are improved, allowing the economy to grow dynamically across all sectors.

3.3.1.3 Inclusive Access to Capital

Inclusive financing is a critical step in ensuring that everyone can equally benefit from economic opportunities. Financial services aimed at small businesses and entrepreneurs,

particularly for low-income individuals, provide them with the chance to start or expand their own businesses. Microfinance and access to credit open doors for many to realize their dreams. Additionally, innovative financial models such as social entrepreneurship, crowdfunding, and green finance incorporate different segments of society into the economic system, fostering sustainable and inclusive growth. These models allow not only large corporations but also individuals and small businesses to contribute to the economy. In this way, an environment is created where every individual can realize their potential, leading to a fairer and more balanced economic structure in society.

3.3.1.4 International “Inclusiveness”

Promoting inclusive economic institutions is indeed an important global goal, but many challenges and criticisms that arise in this process should not be overlooked. If international aid and support are not properly directed, they may create dependency rather than achieving the targeted development and equality. Developing countries, influenced by such aid, may fail to strengthen their own economic and political systems, leading to the formation of a dependency structure. Moreover, when international organizations and developed countries send aid based on their own interests, it can turn into a "culture of aid" that, instead of promoting inclusiveness, sometimes leads to even more inequality. In this case, the risk is that aid provides only short-term solutions and deepens fundamental problems, rather than fostering long-term economic development.

Additionally, while global knowledge sharing is ideally beneficial, in practice, it is often criticized that developed countries limit the transfer of knowledge and technology according to their own economic interests. Many developed countries provide support only in certain areas and propose "one-size-fits-all" solutions that are not truly suitable for local development. This prevents the creation of customized solutions tailored to the real needs of local populations and communities.

In conclusion, while it is clear that inclusive economic institutions must be built and supported globally, the process must be fair, balanced, and truly beneficial. Aid must evolve from being a temporary solution into sustainable and locally appropriate strategies for long-term development. In other words, these tools should be supported with the right elements and used in the right way.

3.4. Conclusion

Human beings are complex creatures. Some things are not just hard to understand, but even hard to make sense of. After all, as we've always said, humans are incredibly complex, unstable, and strange beings. From the day humanity invented the wheel to today's world, where perception transfers via short videos (shorts, reels, tiktoks) happening on virtual ecosystems or even surprises the God with what they do with fusion energy, the institutions that humanity rely on seem relatively simpler than fusion energy. Because in the end, “He

who remains silent in the face of injustice is a silent devil.” With that being said, the situation in front of us is quite clear.

Of course, in these days where none of us are Prime Ministers, Kings, Presidents, or hold direct power over such matters, and even feel as if we have no influence over these situations; while every single one of us, with our thoughts, the flames of ideas we carry, and the spaces we illuminate with those flames, matters. In fact, it's not just important — it is as vital as the blood that flows from our jugular veins. In today's world, where individualism, lack of empathy, and short-termism are being forced upon us, demanding for more inclusive institutions and raising our voices when needed is everyone's duty. Because, for some of us, these institutions are crucial and life-saving.

For example, without these inclusive institutions, perhaps some of us might have ended up as drug addicts in their neighborhoods or perhaps still be waiting for the moment of release from prison. Some may never have discovered a passion for economics or tried to share something through a document in their non-native language. Instead, some might have lived meaningless lives in places like Kuştepe, Kiremithane, or Varsak and would have never realized that they could even have a sense of self.

3.5. Questions to be Addressed

- 1. What policies can be implemented to ensure equal access to resources and opportunities for marginalized groups in industrial growth?*
- 2. How can governments and international organizations promote inclusive economic institutions to bridge income inequality gaps?*
- 3. What role does education and skill development play in fostering equitable participation in industrialization?*
- 4. How can sustainable industrial practices be integrated into developing inclusive economic institutions?*
- 5. How can small and medium-sized enterprises (SMEs) be supported to compete fairly within industrialized economies?*
- 6. What mechanisms can ensure that industrial growth benefits local communities without causing environmental degradation or resource exploitation?*

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3.7. Notes and Further Readings

1. The Ottoman Empire reached a crossroads in the 15th century regarding the implementation of a feudal system. Although the Turkish nation has been governed by emperors, kings, and sultans for a very long time, as can be seen from the Principalities Period, they have also been quite susceptible to the feudal system. However, Fatih Sultan Mehmet completely transformed the Ottoman Empire into a patrimonial state and imposed the Timar System, thus eliminating the possibility of the feudal system coming into being.
2. Even though the Ottoman Empire used their financial resources very ineffectively -especially after the 16th century- they still had a very good resourcing system in order to keep the books.
3. Because of the lack of feudal system, and existence of the Timar System had prevented a formation of aristocratic class in the Ottoman Empire. Since every single land (miri topraklar) was property of the Sultan, there were no big landowners for formatting the aristocracy.
4. In Ottoman Patrimoniarcy, **every single thing** was property of the Sultan. That automatically means that the Sultan has the power.
5. 23 December 1876. (**Kahrolsun İstibdat, Yaşasın Hürriyet!**)
6. The periods of Sokullu Mehmet Pasha and the Köprülüs are excellent examples of how important grand viziers could become in the Ottoman Empire, sometimes even overshadowing the sultans of their time on the stage of history. Similarly, Kavalalı Mehmet Ali Pasha, who served as the Governor of Egypt in the 1840s and nearly brought the Ottoman Empire to its end, can be counted as another such example. (Bkz. Mehmet Sokolovic)
7. Bkz. Köprülüler Era
8. Every state tends to favor a particular group when it comes to offering opportunities. In theocratic states, this might be the clergy. In others, it could be the military. However, some states, especially those with a focus on humanitarianism, aim to provide equal opportunities for all their citizens, regardless of their social background.
9. Although the 1961 Constitution was drafted by a post-coup government, it became the most liberal and humanitarian constitution in the history of the Turkish Republic. This has always been a surprising fact for all of us.