Economics of Income Distribution

1. The wage gap between skilled and unskilled labor in Turkey is very high in comparison to other countries.
2. Explain why this this inequality is not an issue of concern according to Pinker.
3. Pinker would argue that if such a level of wage inequality causes problems such as low social mobility or unequal opportunities, then these problems should be addressed seperately (e.g. public schooling, college loans, etc.). How would Stiglitz respond?
4. Turkey used low interest rates to boost consumption demand during early 2000s. This economic policy is often seen as the root cause of the current financial problems of the Turkish economy. Explain how progressive redistributive policies could be an alternative as a tool to increase demand.
5. Güneş Taner, the Minister of State from the governing party in Turkey in 1989, ANAP, said: “I would finish him in 24 hours” referring to Cavit Çağlar, one of the wealthiest industrial businessman in Turkey at the time. After two years, Cavit Çağlar became the Minister of Finance in 1991 from DYP. Adnan Kahveci from ANAP commented: “Delegating public banks to Cavit Çağlar is the proof that liver is guarded by the cat.” Indeed, Cavit Çağlar massively reduced his debt to public banks while in office.

How would Stiglitz argue that these are related to income inequality?