



**EC483**  
**Special Topics in**  
**Economics of Distribution**  
*Fall 2019*  
Syllabus

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**Lectures:**

- MWW 545 (Monday 13:00-13:50 & Wednesday 12:00-13:50)
  - NBZ 12, EF 116 & EF 116

**Office Hours:**

- M78 (Monday 15:00-16:50) or by appointment (NB 222A)

**Course Website:** [Boğaziçi University Moodle](#)

**Supplementary Textbooks:**

- *Inequality: What Can Be Done?*, Anthony B. Atkinson (2015)
  - ISBN-10: 0674504763
- *Capital in the Twenty-First Century*, Thomas Piketty (2017)
  - ISBN-10: 0674979850
- *The Great Escape: Health, Wealth, and the Origins of Inequality*, Angus Deaton (2015)

– ISBN-10: 0691165629

- *Fighting Poverty in the US and Europe: A World of Difference*, Alberto Alesina, Edward Glaeser, and Edward Ludwig Glaeser (2004)

– ISBN-10: 0199286108

- *Polarized America: The Dance of Ideology and Unequal Riches* (2016), Nolan McCarty, Keith T. Poole, and Howard Rosenthal

– ISBN-10: 0262528622

**Prerequisites:** None, EC 203 & EC 205 preferred

**Course Description :** This course intends to familiarize students with recent developments in the study of economics of distribution. As a result of greater availability of individual-level data, top-notch research addressing economic inequalities thrived notably in the recent years. This course aims to expose students to the consequent frontier research on the sources, implications and interactions of economic inequalities. In doing so, the course relies heavily on recent academic readings, and gaining necessary skills in understanding the empirics and theories behind the study of economics of distribution.

**Grading:** The final grade will be on a term project/presentation, some quizzes/assignment(s) and a cumulative final exam. The weights are as follows:

- Quizzes/Assignment(s)/Attendance: 20%
- Term Project/Presentation: 40%
- Final Exam: 40%

Quizzes, the dates of which will *not* be announced in advance, will cover course materials and readings.

Assignment(s) will be intended to contribute to your grasp over data, methodology and theory.

The term project and its presentation will be based on the collection of (class-wide standardized) survey data by groups, and its analysis of group-specific topics. I will share the details of the project throughout the class. I will expect the group report to be written via  $\LaTeX$  and the group presentation to be prepared via Beamer (a  $\LaTeX$ -based presentation platform).

The standard catalog grading protocol accepted at Boğaziçi University is as follows:

Letter Grade	Interpretation	GPA Points	Cumulative Points
AA	Excellent	4.0	90%-100%
BA	Good/Excellent	3.5	85%-89%
BB	Good	3.0	80%-84%
CB	Passing/Good	2.5	75%-79%
CC	Passing	2.0	70%-74%
DC	Poor/Passing	1.5	65%-69%
DD	Poor	1.0	60%-64%
F	Fail	0.0	0-59%

Yet, I reserve the right to adjust your letter based on the distribution of the cumulative grades.

**Attendance:** Regular attendance is *mandatory*, and I reserve the right change your grades based on your attendance.

**Communication:** Most of the course materials (except for those by the text book publisher) will be posted on the course website. E-mail will be used as the primary means of communication outside the classroom, and I will be sending e-mails whenever necessary to inform you on updates of the course. Please make sure that the e-mail address you have with the Registrar's Office is up-to-date so that you will not miss any of the announcements.

**Copyrights:** Course materials are strictly copyrighted. Selling or distributing copies or modified copies of instructors' course materials or assisting another person or entity in selling or distributing those materials without permission is strictly prohibited.

**Academic Integrity:** The undergraduate program of the Department of Economics is conducted within the framework of the Student Discipline Regulations of the Turkish Council of Higher Education (TCHE, Yükseköğretim Kurulu, YÖK in Turkish), and rules accepted by the Boğaziçi University Committee on Ethical Conduct.

For the student discipline regulations by the TCHE (YÖK), see (in Turkish):

<http://bit.ly/yokdisiplinyonetmeligi>

For the ethics code accepted by Boğaziçi University, see: <http://bit.ly/bounethics>

The students of the Department of Economics are also informed about the consequences of academic dishonesty at the EC 103 Orientation to Economics course. For a brief refresher, see

<http://bit.ly/ec103notes>

**Outline of topics:** Below is a sketch of topics we will cover throughout the semester – it may be modified as the course progresses, and is only *tentative*.

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## **Tentative Course Outline**

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### **Part 1: Motivation & Introduction**

#### **Economic Inequalities: An Overview**

- Anthony B. Atkinson (2015), "Inequality: What Can Be Done?", Chapter 1

#### **Measurement of Economic Inequalities**

- Haughton, Jonathan, and Shahidur R. Khandker, (2009). "Handbook on Poverty+ Inequality", Chapter 6, World Bank Publications
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### **Part 2: Capital Accumulation and Economic Inequalities**

#### **Capital in the Twenty-First Century**

- Piketty, Thomas, (2015). "About Capital in the Twenty-First Century", *American Economic Review*
  - Piketty, Thomas, (2015). "Putting Distribution Back at the Center of Economics: Reflections on Capital in the Twenty-First Century", *Journal of Economic Perspectives*
  - Acemoğlu, Daron, and James A. Robinson, (2015). "The Rise and Decline of General Laws of Capitalism", *Journal of Economic Perspectives*
  - Krusell, Per, and Anthony A. Smith Jr. (2015). "Is Piketty's "Second Law of Capitalism" Fundamental?", *Journal of Political Economy*
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### **Part 3: Policy and Political Economy**

#### **Empirics**

- Bonica, Adam, Nolan McCarty, Keith T. Poole and Howard Rosenthal, (2013). "Why Hasn't Democracy Slowed Rising Inequality?", *Journal of Economic Perspectives*
- Alesina, Alberto, Edward Glaeser, and Edward Ludwig Glaeser, (2004). "Fighting poverty in the US and Europe: A World of Difference." Oxford University Press

- McCarty, Nolan, Keith T. Poole, and Howard Rosenthal, (2016). "Polarized America: The Dance of Ideology and Unequal Riches". MIT Press.
- Kenworthy, Lane, Jonas Pontusson, (2005). "Rising Inequality and the Politics of Redistribution in Affluent Countries", *Perspectives on Politics*

## Theory

- Chugh, Sanjay, (2016). *Modern Macroeconomics: Static Consumption–Labor Framework & Dynamic Consumption–Savings Framework*, Chapter 2 & 3.
- Meltzer, Allan H., Scott F. Richard, (1981). "A Rational Theory of the Size of Government", *Journal of Political Economy*
- Heathcote, Jonathan, Kjetil Storesletten, and Giovanni L. Violante, (2009). "Quantitative Macroeconomics with Heterogeneous Households", *Annual Review of Economics*
- Huggett, Mark, (1993). "The Risk-Free Rate in Heterogeneous-Agent Incomplete-Insurance Economies", *Journal of Economic Dynamics and Control*
- Aiyagari, S. Rao, (1994). "Uninsured Idiosyncratic Risk and Aggregate Saving", *Quarterly Journal of Economics*
- Alesina, Alberto, George-Marios Angeletos, (2005) "Fairness and Redistribution." *American Economic Review*
- Benabou, Roland, Jean Tirole, (2006). "Belief in a Just World and Redistributive Politics", *Quarterly Journal of Economics*
- Torul, Orhan (2018), "Transatlantic Differences in Taxation, Redistribution and Public Goods: How Fair is Inequality?", *Boğaziçi University, Working Paper*

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## Part 4: Inequality & Mobility

### Empirics

- Corak, Miles, (2013). "Income Inequality, Equality of Opportunity, and Intergenerational Mobility" *Journal of Economic Perspectives*
- Chetty, Raj, Nathan Hendren, Patrick Kline, and Emmanuel Saez, (2014). "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States", *Quarterly Journal of Economics*
- Chetty, Raj, Nathaniel Hendren, Patrick Kline, Emmanuel Saez, and Nicholas Turner, (2014). "Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility", *American*

## *Economic Review*

- Chetty, Raj, David Grusky, Maximilian Hell, Nathaniel Hendren, Robert Manduca, Jimmy Narang, (2017). "The Fading American Dream: Trends in Absolute Income Mobility Since 1940", *Science*
- Torul, Orhan, and Oğuz Öztunalı, (2017) "Intergenerational Educational Mobility in Europe", *Boğaziçi University, Working Paper*
- OECD Report, (2018). "Fair Progress? Economic Mobility across Generations Around the World", OECD Publications
- Equality of Opportunity Website: <http://www.equality-of-opportunity.org/>

## **Theory**

- Solon, Gary, (2004). "A model of intergenerational mobility variation over time and place", *Generational income mobility in North America and Europe*, Chapter 2
  - Becker, Gary S., Scott D. Kominers, Kevin M. Murphy, Jörg L. Spenkuch, (2018). "A Theory of Intergenerational Mobility", *Journal of Political Economy*
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## **Part 5: Fairness of Economic Inequalities**

### **Equality of Opportunity vs. Equality of Outcome**

- Deaton, Angus (2017) "How Inequality Works", *Project Syndicate*
- Starmans, Christina, Mark Sheskin, and Paul Bloom, (2017). "Why People Prefer Unequal Societies", *Nature Human Behaviour*

### **Experimental Evidence on Inequality and Fairness Perceptions**

- Cappelen, Alexander W., Astri Drange Hole, Erik Ø. Sørensen, and Bertil Tungodden, (2007). "The Pluralism of Fairness Ideals: An Experimental Approach." *American Economic Review*
  - Cappelen, Alexander W., James Konow, Erik Sørensen, Bertil Tungodden, (2013). "An Experimental Study of Risk-Taking and Fairness" *American Economic Review*
  - Almås, Ingvild, Alexander W. Cappelen, Bertil Tungodden, (2016). "Cutthroat Capitalism versus Cuddly Socialism: Are Americans More Meritocratic and Efficiency-Seeking than Scandinavians?", *NBER Working Paper* .
  - Gürdal, Mehmet Y., Orhan Torul, and Alexander Vostroknutov, (2018). "Norm Compliance, Enforcement, and the Survival of Redistributive Institutions", *Boğaziçi University, Working Paper*
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## Part 6

### Economic Inequality in Turkey

- Tamkoç, Mehmet N., Orhan Torul, (2018). "Cross-Sectional Facts for Macroeconomists: Wage, Income and Consumption Inequality in Turkey", *Boğaziçi University, Working Paper*

Available at <http://web.boun.edu.tr/torul/csfm>

- Torul, Orhan, and Oğuz Öztunalı, (2018). "On Income and Wealth Inequality in Turkey", *Central Bank Review*.
  - Aktuğ, Emrehan, Tolga U. Kuzubaş, and Orhan Torul, (2017). "Heterogeneity in Labor Income Profiles: Evidence from Turkey", *Boğaziçi University, Working Paper*
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## Part 7

### Student Presentations

- Student Group Presentations on Survey Results