First Annual All-İzmir Economics Workshop

Saturday, 14 May 2016

Yaşar University Department of Economics

Selçuk Yaşar Campus

in F001, F002, F003

10:45-11:00   *Welcome and Tea*

11:00-11:40   Keynote Session

11.40-11.50   *Break*

11:50-12:50   Parallel Session

12:50-14:15   *Lunch*

14:15-15:45   Parallel Sessions

15:45-16:00   *Coffee Break*

16:00-17:00   Parallel Sessions

17:00-18:00   *Cocktail*

Keynote Session

Selçuk Yaşar Campus (Room F003)

11:00-11:40   Günümüz Krizinin Ekonomi Politiği
                Ahmet Tonak (Istanbul Bilgi University)

11:40-11:50   *Break*

Macroeconomics

Selçuk Yaşar Campus (Room F001)

11:50-12:20   Oil Price Shocks and Macroeconomic Instability in Nigeria: A GVAR approach
                Umut Halaç and **Nawasi Jibril** (Yaşar University)

12:20-12:50   External Debt Sustainability under Liquidity Trap: Evidence for the Europen Monetary Union
                Utku Utkulu, Hakan Kahyaoğlu and **Ramazan Ekinci** (Dokuz Eylül Üniversity)

12:50-14:15   *Lunch*

14:15-14:45   Convergence in Financial Development Measures across the EU-15
                Dilara Kılınç, Ünal Seven and **Hakan Yetkiner** (İzmir University of Economics and IMT Lucca)

14:45-15:15   The geography of financial intermediation in Turkey: 1988–2013
                Özden Birkan and **Serpil Kahraman Akdoğu** (Yaşar University)

15:15-15:45   Maximum Return in a Month and the Cross-section of International Portfolio Returns.
                Mehmet Umutlu and **Pelin Bengitöz** (Yaşar University)

15:45-16:00   Coffee Break

16:00-16:30   Effect of Interest Rate Corridor of Central Bank of Republic of Turkey on Volatility of Market Indicators
                Ayla Oğus Binatlı and **Emre Can** (İzmir Economics University)

16:30-17:00   Re-thinking the convergence hypothesis: off-the steady state dynamics
                Aykut Lenger (Ege University)

17:00-18:00   Cocktail

Microeconomics

Selçuk Yaşar Campus (Room F002)

11:50-12:20   Type of Employment Contracts and Wage Differences in Turkey
Anıl Duman (Yaşar University)

12:20-12:50   The Effect of Public Regulations on Cigarette Consumption
Taptuk Emre Erkoç and **Abdülkadir Civan** (Gediz University)

12:50-14:15   *Lunch*

14:15-14:45   Does a corrupt environment affect the role of market structure on innovation?
Fatmanur Karaman Kabadurmuş (Yaşar University)

14:45-15:15   Does the Estimation Technique Matter for Efficiency Measures? : Comparative Efficiency Analysis of Public Universities with Parametric and Non-Parametric Methods
Taptuk Emre Erkoç (Gediz University)

15:15-15:45   Working Poverty in Turkey: A Dynamic Panel Approach
Nursel Aydıner Avşar and **M. Burak Önemli** (Gediz University)

15:45-16:00   Coffee Break

16:00-16:30   Intercity Trade Networs: shocks and spillovers
Alper Duman (İzmir University of Economics)

16:30-17:00   Environmental Kuznets Curve under Noncarbohydrate Energy
Esra Onater İşberk (İzmir University of Economics)

7:00-18:00   Cocktail

Economic Growth and Development
Selçuk Yaşar Campus
(Room F003)

11:50-12:20   Two Research Studies in Turkey within the Agenda 2030 Sustainable Development Framework: Eco Industries and Social and Solidarity Economy
Menevis Uzbay Pirili (Ege University)

12:20-12:50   Choice of macroeconomic modelling in developing countries and structural issues
Durmuş Özdemir (Yaşar University)

12:50-14:15   Lunch

14:15-14:45   On The Determinants of Regional Trade Agreements: The Role of Human Development
Pınar Narin Emirhan and **Elif Korkmaz** (Dokuz Eylül University and Yaşar University)

14:45-15:15   Financial Development, Entrepreneurial Talent, and Income Inequality
Ünal Seven (IMT Lucca),

15:15-15:45   An Input-Output Analysis of Migration in Turkey: Population Displacement Effect of Arriving Foreigners
Çağaçan Değer, Elif Tunalı Çalışkan and **Osman Aydoğuş** (Ege University)

15:45-16:00   Coffee Break

16:00-16:30   The Impact of Foreign Direct Investments on Economic Growth: The Case of MENA Region
Gülçin Güreşçi Pehlivan and **Yağmur Sağlam** (Dokuz Eylül University)

16:30-17:00

7:00-18:00   Cocktail

Abstracts

First Annual All-İzmir Economics Workshop
Saturday, 14 May 2016

The geography of financial intermediation in Turkey: 1988–2013
Ayse Ozden Birkan (Yaşar University) & Serpil Kahraman Akdogu (Yaşar University)
This study aims to provide an analysis of the evolution of regional financial inequalities in Turkey over the 1988–2013 period. The theoretical premise of the study is the Keynesian view that the nature and the level of development of the banking system and the geography of financial intermediation are imperative to the understanding of regional economic disparities. Exploratory Spatial Data Analysis tools used in the analysis indicate the presence of a statistically significant non-random spatial pattern at the provincial NUTS 3 level for the 2006–2013 period. LISA cluster maps reveal that the southeastern provinces of the country constitute a hot spot of credit activity in this period. Moreover, the evolution of financial inequality indices suggests that this clustering has led to a reduction in regional financial disparities across the country over the period in question. The results of econometric conditional convergence analysis suggest regional beta-convergence in terms of Gross Value Added per Capita but no statistically significant link between beta-convergence and the reduction in financial disparities.
JEL Classification R1 · O1 · G2

Working Poverty in Turkey: A Dynamic Panel Approach
Nursel Aydıner-Avşar (Gediz University) & M. Burak Önemli (Gediz University)

Abstract
Working poverty is an important dimension of poverty as employment is usually considered as the key solution to tackling poverty. The debate on working poverty has caught significant interest particularly in developed countries given the puzzling situation of people with a mostly full-time job enduring poverty. The appearance of working poverty differs in developing countries as it becomes mainly an agricultural or rural poverty issue and/or the outcome of widespread informal employment in urban areas. Human capital theory and segmented labor market theory are the two major theoretical approaches in the economics literature that have implications for working poverty. While the former attributes the incidence of working poverty to individual characteristics of workers, the latter puts emphasis on structural characteristics of the labor market and explains working poverty as the outcome of the poor being confined to the secondary market, which consists of lower-paying and unstable jobs. This paper studies the determinants of working poverty and its dynamics in Turkey using panel data for the period of 2009-2013 in a dynamic modeling framework. In the econometric analysis, we analyze the impact of individual, employment-related, and household composition factors on the transition probabilities for escaping working poverty. This way, we aim to shed light to which set of factors are more important in understanding working poverty dynamics in the Turkish context and draw some policy implications.
JEL: I32, J01, J31
Keywords: poverty, labor market, working poor

An Input-Output Analysis of Migration in Turkey: Population Displacement Effect of Arriving

Foreigners

Çağaçan Değer (Ege University) &Elif Tunalı Çalışkan (Ege University) & Osman Aydoğuş (Ege University)

The turmoil following the Arab Spring in the Middle East and North Africa has resulted in unprecedented migration from these areas to Europe. Turkey has received a fair share of these population movements, especially from Syria. İçduygu (2015) reports in a Migration Policy Institute study that as of mid-march 2015, Syrian refugee population is more than 1.7 million. In the Regional Refugee and Resilience Plan 2016-2017 in Response to the Syria Crisis: Turkey, the UN Refugee Agency identifies a population of 3.5 million refugees that must be targeted through policy.

Such migration may trigger further changes in the interregional distribution of population. Arrival of a number of refugees in a region can increase labor supply, reduce wages and cause residents of the region to move to other regions of the economy. Such changes in domestic migration patterns is called the "displacement effect".

This study examines how changes in arrival of foreign immigrants changes interregional migration patterns in Turkey. The study has two important contributions. Firstly, the adopted methodology is based on a conceptual corollary of the input-output models. Put forward by Vazquez, Muniz and Carvajal (2011), the method is relatively new and unexplored for Turkey and the migration literature. Secondly, the study contributes by calculating population displacement effects for regions of Turkey, thus the regions that would least disrupt the existing migration patterns can be identified. The findings can be used by policy makers to formulate action plans to locate immigrants and maintain sustainability in regional labour markets.

Keywords: Input-Output analysis, Migration, Displacement effect, Demographic movements, Regional migration

Maximum Return in a Month and the Cross-section of International Portfolio Returns

Mehmet Umutlu (Yaşar University), Pelin Bengitöz (Yaşar University)

Previous literature shows that maximum daily return over the past month (MAX) has a significant role in explaining local stock returns. Motivated with this finding at the local level, we take the perspective of an international investor and examine whether MAX is also priced in the cross-section of international portfolio returns. We employ global industry, local industry, and stock market indexes as international portfolios. We sort international portfolios based on MAX and form portfolios with different levels of MAX. Then, we investigate whether the zero-cost portfolio, which longs the portfolio with the highest MAX and shorts the one with the lowest one earns abnormal return. Furthermore, we conduct cross-sectional regressions that examine the significance of MAX on international portfolio returns. Both portfolio level analyses and cross-sectional results show that there is a positive significant relation between MAX and international portfolio returns.

Key Words: Portfolio management, International Investors, Asset pricing, Maximum value, Fama-MacBeth regressions.
Jel Codes: G11, G12, G17

Effect of Interest Rate Corridor of Central Bank of Republic of Turkey on Volatility of Market Indicators

Ayla Oğuş Binath (İzmir University of Economics) & Emre Can (İzmir University of Economics)

After the financial crisis of 2008 central banks have diversified their methods and policy instruments in order to affect or stabilize the markets. The main reason of this is to increase the efficiency of the policy instruments against increasing global liquidity. Besides that by these new instruments central banks create a space to give flexible answers to the reactions of the markets. One of these modified and new policy instruments is to change the interest rate corridor or create an interest rate corridor. Basically interest rate corridor is the distance between the overnight borrowing and lending rates of the central bank. Different interest rate corridor distances deeply affect the market players' behaviors and perception for present and future actions. Moreover interest rate corridor distance dominates and affects market indicators. In this study we briefly and simply analyze the effect of interest rate corridor of Central Bank of Republic of Turkey (CBRT) on the volatility of market indicators. From 2011 to 2014 (October) CBRT formed 17 different interest rate corridors. In this study exchange rate of US Dollar/TL volatility, benchmark interest rate volatility and interbank

interest rate volatility are taken as market indicators and their relations with 17 different interest rate corridors are displayed and analyzed.

The Effect of Public Regulations on Cigarette Consumption
Taptuk Emre Erkoç (Gediz University) & Abbdülkadir Civan (Gediz University)
Throughout the world, many governments attempt to decrease cigarette consumption through taxation and public regulations. We study Turkish Government's 2009 regulation which ban smoking in all common buildings. Government officials claim that the ban has been very effective at decreasing cigarette consumption using macro sales data. However we have reasons to believe that sales data is not very reliable. We utilize Household Budget Survey data to observe the ban's impact on cigarette consumption. Household Budget Survey is one of the most reliable data sources of Turkish Statistical Institute. Our results suggest that, the ban indeed decreased the consumption levels initially but its effectiveness is reduced in following years. The decline was more pronounced for younger and more educated smokers.

Intercity Trade Networks in Turkey: Shocks and Spillovers
Alper Duman (İzmir University of Economics)
Intercity trade can be considered as a network. This trade network can be represented as a directed, weighted, incomplete, and asymmetric graph in which each city is a node and the bilateral trade links are the edges. The network is directed as each city is unlikely to trade at equal amounts from each other. The network is weighted because all links reflect some value of payment that is different for each city and each flow. The network is incomplete as not all cities in Turkey are connected with each other through trade. Finally, the network is asymmetric because for most cities customer partners (out-links) differs from the number of supplier partners (in-links). The ministry of Science, Technology and Industry provides intercity trade data for the year 2014. First we construct the intercity trade network derived from the data. Second we follow, Kireyev and Leonidev (2015) method to model and trace the network spillovers of a given shock (i.e. conflict with Russia or military operations in the South East of Turkey) on the overall income and intercity trade volume.
JEL Codes: C45, F14, F41, F42, F47
Keywords: Networks, Shocks, Spillovers, Trade

Type of Employment Contracts and Wage Differences in Turkey
Anıl Duman (Yaşar University)
Fixed-term contracts are widely used across countries to increase the flexibility of labor markets. This type of contracts allow the employers to lay off workers without severance payments and restrictions imposed by employment protection legislation. While the proponents argue that flexible contracts contribute to employment generation the critics claim that fixed-term contracts would lead to higher insecurity and lower wages. Many empirical studies found significant wage premium for permanent workers even after controlling for employee and employer characteristics. However, the size of the premium differs from country to country and along the wage distributiin. In our paper we carry a similar analysis for Turkey and try to estimate the wage gap between the employees with a fixed-term and permanent contracts by utilizing the Household Labor Force Survey (HLFS). We employ an unconditional quantile regression (QR) method, and decompose the wage differential into characteristics and coefficients parts. Our results are similar to the findings in the literature where the fixed-term contract holders are more common among the low skilled and low wage group. Also, we found that the wage gap is higher at the bottom of the distribution, and most of the differential can be attributed to the labor market characteristics at the bottom end but rewards at the upper end. These results can have major implications for the Turkish labor market through dualization; inflexible permanent workers and flexible temporary workers.
JEL Codes: J31, J24, J41
Keywords: temporary employment, wage differetials, decomposition, quintile regression

External Debt Sustainability under Liquidity Trap: Evidence for the Europen Monetary Union

Utku Utkulu (Dokuz Eylül University) & Hakan Kahyaoğlu (Dokuz Eylül University) & Ramazan Ekinci(Dokuz Eylül University)
The paper aims to examine the external debt sustainability of the countries in the EMU under lliquidity trap after the era of global crisis in 2008. Theoretically, the existence of liquidity traps and deflationary pressures jeopardise and undermine the external debt sustainability. This study takes into account the effects of falling into liquidty trap and the deflationay precess in recent years on the external debt sustainability of the EMU countries. Adressing intertemporal budget constraints and following Trehan and Walsh's methodology, the stationarity of the discounted real external debt stock is accepted as a a sufficient condition for sustainability of the external debt. Thus dynamic panel data analysis and unit root testing with structural breaks are employed in the study.
Keywords: External Debt Sustainability; Liquidity Trap; the European Monetary Union; Dynamic Panel Data Analysis; unit root testing with structural breaks.
JEL Codes: C23,F32,F45,E58

On The Determinants of Regional Trade Agreements: The Role of Human Development
Pınar Narin Emirhan (Dokuz Eylül University) & Elif Korkmaz (Yaşar University)
Number of regional trade agreements has increased tremendously in the last few decades. It is worthy of note that, in today's world nearly all countries participate in at least one regional trade agreement. Faced with these extreme figures on regional trade agreements formation made reasonable to wonder why and how these agreements burgeoned? Even several papers have taken into account the influence of economic development on the probability of signing trade agreements, none of these try to look from a human development perspective which is a more holistic proxy of development. In this respect, this study aims to find out the determinants of regional trade agreements and the effect of human development performances of countries on the probability to form regional trade agreements. In order to address these issues, this study used panel data of 64 countries over the period 1990-2010. Results manifest that countries with similar human development performances are more willing to form trade agreements with each other.
Keywords: Regional Trade Agreements, Human Development
Jel Codes: F14, F15

Does the Estimation Technique Matter for Efficiency Measures? : Comparative Efficiency Analysis of Public Universities with Parametric and Non-Parametric Methods
Taptuk Emre Erkoç (Gediz University)
Estimating efficiencies of higher education institutions (HEIs) has become a central area of research in efficiency analysis literature, particularly during the last two decades. Although the number of efficiency analysis researches in higher education has risen, comparative research estimating the efficiencies of HEIs employing both parametric and non-parametric techniques is rather scarce in this particular area. This paper, which estimates economic efficiencies for 53 Turkish public HEIs between 2005 and 2010, belongs to the pioneering stream of researches conducting a comprehensive efficiency analysis on public sector organisations employing both parametric and non-parametric estimation techniques. It employs Stochastic Frontier Analysis (SFA) and Data Envelopment Analysis (DEA) simultaneously for the same case, concluding that efficiency estimation conducted by parametric and non-parametric approaches is diverging apparently in terms of not only mean efficiency values but also the efficiency rankings of universities. Moreover, to accommodate two different methodologies, the primary aim is that the results yielded from the parametric technique can be compared and contrasted with the results achieved using the non-parametric technique for further policy-making projections.
Keywords: Data Envelopment Analysis • Stochastic Frontier Analysis • Cost efficiency • Universities • Panel Data Models
JEL Codes: C14, C33, D24, I23

Oil Price Shocks and Macroeconomic Instability in Nigeria: A GVAR Approach
Umut Halaç (Yaşar University)

This paper investigates the dynamic relationship between oil price shocks and selected macroeconomic variables in Nigeria. It adopts a Global Vector Autogressive (GVAR) model, which includes Nigeria's major trade partners, in examining the relationship.This provides a holistic picture of how oil price shocks are transmitted to Nigeria through the first-round and second-round effects, directly and indirectly through spill-over effects. The variabes employed are: Real Gross Domestic Product (y), inflation (Dp), short-term interest rate (r) and real effective exchange (epeps) treated as the domestic variables, while oil price is included as global variable. Quarterly data were used spanning the period 1979Q2 to 2013Q1 and were sourced from GVAR toolbox, IMF, World Bank, BIS and CBN statistical bulletin. Tests were conducted on the variables such as the cointegration test, weak exogeineity test, impact elasticities; and test on the GVAR model itself such as persistence profiles and structural breaks to ascertain the robustness of the model and variables included. The findings of the study reveal that an upsurge in oil price leads to decrease in real output, inflation and short-term interest rate in the shortrun, while real effective exchange rate rises. The upswing in the real effective exchange rate confirms the presence of the Dutch-Disease Syndrome and the shrinking of the competitiveness of the economy as established by other studies. Real output, inflation and short-term interest rates variables are affected through second-round effects, spill-over effects and the activities of major players in the economy, such as the apex bank and the government. Diversification of the economy, credible monetary policies, saving proceeds from oil receipt and the reduction in the monetization of the oil receipts are imperative in order help to stabilise the economy and reduce the consequences of external shocks.

Keywords: Global VAR (GVAR), GIRFs, macroeconomy, instability.

Environmental Kuznets Curve under Noncarbohydrate Energy

Esra Onater Isberk (İzmir University of Economics)

This study aims to examine the use of noncarbohydrate energy on carbon emissions under the Environmental Kuznets Curve (EKC) hypothesis in 27 OECD countries. Autoregressive distributed lag (ARDL) bounds test results indicate that carbon emissions, gross domestic product per capita (GDP), primary energy consumption per capita and alternative and nuclear (noncarbohydrate) energy consumption are cointegrated in Canada, Chile, Denmark, France, Greece, Israel, Italy, Korea Republic, New Zealand and Sweden. Results also show that the estimated long run elasticities of carbon emission with respect to (i) primary energy consumption per capita is positive in all countries, except Chile; (ii) noncarbohydrate energy consumption is negative for Canada, Chile, France, Italy, New Zealand and Sweden. Results also confirm the validity of EKC hypothesis in Denmark, France, Israel and Korea Republic. The absolute values of primary and noncarbohydrate energy consumption elasticies suggest that decreasing primary energy consumption is at least as important as increasing noncarbohydrate energy consumption to achieve carbon mitigation at significant levels.

Keywords: Carbon dioxide emissions, Noncarbohydrate energy, Environmental Kuznets Curve, OECD, ARDL

Does a corrupt environment affect the role of market structure on innovation?

Fatma Nur Karaman Kabadurmus (Yaşar University)

We combine two sets of literature on corruption. First, there are some studies that focus on the associations of corruption and market competition. Second, a limited number of research has sought to understand how corruption affects firm-level innovation performance. Usimg firm-level data for twenty seven Eastern European and Central Asian countries, we empirically investigate how corruption affects the strength of the competition-innovation relationship. A great deal of research has investigated the relationship between competition and innovation. Some of the most recent research finds evidence of an inverted-U shaped relationship. We find that corruption has a positive effect on the rate of innovation regardless of the market structure and the inverted-U shaped relationship prevails under different corruption measures.

JEL Classification: O14, O3, D22, D73

Keywords: R&D, Corruption, Competition, EECA

Convergence in Financial Development Measures across the EU-15

Dilara Kılınç (İzmir University of Economics), Ünal Seven (IMT Institute for Advanced Studies), Hakan Yetkiner

(İzmir University of Economics)
In this study, we investigate whether the measures of financial development converge across 15 European Union countries (EU-15), by applying System GMM to 5-year span panel data. In our analysis, we specifically differentiate between the two components of the financial sector, namely banking and stock markets. The sample covers the period 1963-2012 for the estimation of convergence in bank development measures and 1988-2012 for the stock market development measures. The results provide strong evidence for the existence of absolute and conditional convergence across the EU-15 in financial development measures. Based on the empirical evidence, this paper conjectures that the steps taken been successful in promoting convergence in financial measures in EU-15.

Keywords: Financial development, convergence, EU-15 countries, panel data analysis, System GMM
JEL classification: C23; E25; G20; O47

Rethinking the Convergence Hypothesis: Off-The Steady State Dynamics
Aykut Lenger (Ege University)

This paper attempts to contribute to the method of testing the convergence hypothesis by relaxing the assumption of steady state equilibrium. Instead of the steady state equilibrium of income level, the income per capita level of a leader country, the USA here, is set as the frontier income level. The study tests the convergence hypothesis using a panel of 120 non-oil-producing countries for the period between 1987 and 2011. The results suggest divergence at the rate of 1.5%, which is contrary to the evidence in the existing literature. The current approach provides evidence in favor of convergence at the rate of 1.8%. The deterioration in income distribution in the same period also supports this evidence. The study also predicts that economies will be able to catch up with the 2011 US income per capita level in about 58 years, should they continue to grow at the average growth rate of the last ten years.

Keywords: Convergence, catch-up, steady-state, economic growth.
JEL Codes: O47, C01, C02, C51.

The choice of macroeconomic modelling in developing countries and structural issues
Durmuş Özdemir (Yaşar University)

Many developing countries are experiencing substantial structural change in the last decade. Developing economies have several special features separating them from industrialised countries that need to be recognized, and should be addressed carefully when designing and selecting a macroeconomic model. Some of a typical problems of such economies are showing fundamental departures from orthodox economic theories. For example, Turkey's chronical Current Account deficit problem. Most economists think that after joining the WTO and the EU candidacy status as a customs Union member, high capital inflow coupled with the high private borrowings for increasing consumption, highest CA deficit and FDI inflow of the country history. This is just a result of a large structural problems observed in most developing countries as it is the case in Turkey. In this paper, with the aid of a developed aggregate macro econometric model, structural issues are discussed and with the aid of a macroeconomic model attempted to assess the impact of this structural change on future macroeconomic indicators.

On the whole, the role of the structural issues will generally prove a serious impediment to the standard macroeconomic modelling choice and their policy results.

Keywords: Structural Modeling; Macroeconometric Modeling, Developing countries, Stochastic Simulation
JEL classification: C 54; C 30; E 17

The Impact of Foreign Direct Investments on Economic Growth: The Case of MENA Region
Gülçin Güreşçi Pehlivan (Dokuz Eylül University) & Yağmur Sağlam (Dokuz Eylül University)

The main purpose of this paper is to investigate relationship between foreign direct investment and economic growth based on Middle East and North African countries for the period 1990 to 2014. For this purpose we used endogenous growth model. This model includes capital formation and labor level to estimate the economic growth effect. Via of these factors foreign direct investments effect the economic growth. At the empirical part, we firstly tested heterogeneity and cross sectional dependence among countries and found that all series have heterogeneity and cross sectional dependence. For that reason, Hadri Kruzomi panel unit root test was used for obtaining long run relationship between

these variables. Our test results strongly support the long run relationship. It means that deviations from equilibrium value of the variable in the short run are corrected in the long run. We used Common Correlated Effect Model, thanks to this method long-term coefficients for each cross section unit could be individually calculated, and evaluated separately.

Two Research Studies in Turkey within the Agenda 2030 Sustainable Development Framework : Eco Industries and Social and Solidarity Economy

Menevis Uzbay Pirili (Ege Univeristy)

In September 2015 Heads of State and Government agreed to set the world on a path towards sustainable human development through the adoption of the 2030 Agenda for Sustainable Development. The 17 Sustainable Development Goals (SDGs) accompanied by 169 targets included in this new Agenda, form a cohesive and integrated package of global aspirations all the countries commit to achieving by 2030. Building on the accomplishments of their predecessors the MDGs, the SDGs address the most pressing global challenges of our time, calling upon collaborative partnerships across and between countries to balance the three dimensions of sustainable development – inclusive economic growth, environmental sustainability, and social inclusion/cohesion.

Realizing the SDGs represents a challenge of enormous proportions. Crucial to their success will be strong governance systems, fundamental changes in the way that our societies produce and consume goods and services and strong statistical systems that can measure and incentivize progress across the goals.

Financial Development, Entrepreneurial Talent, and Income Inequality

Ünal Seven (IMT Institute for Advanced Studies)

This study investigates the relationship between financial development, entrepreneurial talent and income inequality. To do that, I first build a simple occupational choice model with heterogeneous agents to better understand how the interaction between financial development and entrepreneurial talent determines the distribution of income. In the theoretical model, I define the level of financial development as the amount of collateral needed to obtain credit from the financial sector. The higher the financial development, the lower the collateral, and so the higher the fraction of individuals who can consider setting up a firm. In this respect, the level of financial development affects income inequality to the extent it affects the equilibrium number of entrepreneurs. I show that an increase in the level of financial development induces more individuals to become entrepreneurs, and fewer individuals to become self-employed, resulting in less income inequality. Then, I empirically test the impact of financial development on income inequality by using a cross-country panel data set of 46 countries for the period of 1998-2012. By employing principal component analysis to construct a satisfactory measure of financial development, I find evidence that as financial system develops income inequality, which is measured by the net Gini coefficient, decreases.

Günümüz Krizinin Ekonomi Politiği

E. Ahmet Tonak (Istanbul Bilgi University)

Ekonomi politik literatüründe kâr oranının düşme eğilimi yasası'nın yanı sıra, statüleri ve yorumlanışları hakkında görüş birliği olmamasına rağmen, en azından iki farklı kriz açıklaması daha olduğu bilinir: eksik tüketim ve orantısızlık. Kısmen bu üç farklı kriz açıklamasının varlığı, kısmen de Kapital projesinin bitirilememiş olması kriz teorileri tartışmasını günümüze kadar canlı tutmuş ve kapsamlı bir literatür birikmesine yol açmıştır. Bizatihi bu durum söz konusu açıklamaların mahiyeti

hakkında bir netlik ihtiyacı olduğunu gösterir.

Öte yandan 2007 sonrasında dünya ekonomisinin ciddi bir kriz yaşadığı, toparlanamadığı, hatta günümüz itibariyle krizin derinleşme ihtimalinin arttığı da malum. O yüzden günümüz krizinin Marksist kriz teorileri tarafından nasıl açıklandığı, hangi faktörlerin öne çıktığı incelenecektir.

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