

Income Distribution, Polarization and Redistribution

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ABSTRACT

It seems that some observable structural trends in recent decades such as globalization, skills-biased technological advances and level of unionization all over the world have affected income distribution, in addition to other economic variables. The latest trends in the 2000s exhibited a widening gap between the rich and the poor not only in some of the already high inequality countries, but also in traditionally low-inequality countries. In order to mitigate inequality, many countries have followed redistribution policies (taxes and transfers). In this paper, we mainly focus on the effects of redistribution policies consisting of income taxes and social transfers on income inequality and polarization using the micro data in Turkey. Additionally since financial crises have been becoming more important with increasing frequency of crises all over the world, we also search for the effects of crises on inequality and the degree of mitigation of redistributive policies, especially during the Global Recession.

Keywords: Income Inequality, Redistribution, Polarization

JEL codes: D31, D63, D30

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