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Inequity, Inequality, Insecurity

Introduction to the REEM's Special Issue

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Since its establishment as a separate discipline, economic science founds itself at the present-day crossroads underlined by the vastly overlooked yet crucial phenomena whose scrutinization rendered its foundation over two centuries ago.

Departing from the moral philosophy and deeply rooted in the notions of redistributive justice, value creation, capital accumulation, income distribution, class relations, and exploitation, the contemporary, mainstream economics does not have the appearance nor the appeal that it once rightfully deserved by focusing on the big issues of its classical era. Transitioning towards neoclassical economics was predominantly done by abandoning the topics dealing with the issues of inequalities. The latter is most obvious in the selective, neoclassical adoption of Bentham's (1970) utilitarian approach to economics stripped of the interpersonal utility comparison. As a result, economists were able to discuss utility maximization without the controversies related to distributive justice. Conditional upon rejecting the argument that utility can be measured across individuals (Varoufakis, 1998, p. 84), this came at a great cost, readily apparent in the inability to properly model societal welfare.

Under the umbrella of ideology-free approach, this has led to the radical overhaul of the conceptualization of economic science as mankind's orderly business of life (Marshall, 1891), and has marginalized paramount topics such as societal exploitative class antagonism (Marx, 1990) and detrimental consequences of economic rent (Ricardo, 2001).

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Consequently, all societal interactions were modelled through maximization of free-market transactions, equity was replaced by efficiency, unemployment was considered a preference for leisure, and the spotlight was placed on trickle-down economics. The final stage was the dominance of the individual freedoms and the private property, apparent within the neoliberal state - the project whose inherent feature is that it holds the increasing social inequality as structural to the economic worldview (Harvey, 2005).

Since the 1970s, economists became preoccupied with maintaining price stability ahead of full employment, safeguarding controversial "merit-based" returns on marginal productivity, and securing formal notions of cohesion and convergence. This reductionism, however, did not resolve the exacerbated socioeconomic stratification and was merely successful in concealing that all of the above-mentioned is a straightforward derivative of inequality. By extension, the principal focus was not to generate wealth and income but to redistribute it and ensure solidifying the academic stronghold justifying the maintenance of the existing power structures and accompanying social divide.

All of the major problems of the 21st century suggest that inequality is an integral part of modern economics and not its undesirable outcome. Accordingly, there is little doubt that the present-day societal challenges are a direct consequence of the excessive inequalities recorded in all strata of contemporary life. Decades of efficiency-growth-led paradigm have marginalized the importance of inequity (Stilwell, 2019), have accelerated unsustainable inequality (Milanović, 2019), and have brought about the socially corrosive times of unprecedented insecurity (OXFAM, 2020; Stantcheva, 2021).

This self-perpetuating, calamitous spiral has rendered a barrier to further development of the existing mode of production, which does not serve the properly defined interests (Bentham, 1970; Tocqueville 2010) of selfish rational individuals and even less so those of the society at large. Hence, given the recent developments, it is no wonder that the onset of the new millennium triggered a deluge of academic works dealing with inequalities. Unlike the previous conservative, liberal, and radical schools, the new norm became prioritizing the empirical measurement (e.g., Piketty, 2014). Regardless of the critical importance of these developments, the ongoing problem is that the empirical economists, to a large extent, investigate the inequalities by using the mainstream framework. Thus, they are building their arguments on the neoclassical theoretical backbone, which has little to offer regarding the overall societal wellbeing and theoretical justification of the redistributive policies. Hence, two things are certain. First is that the rise in inequity, inequality, and insecurity is an ever-growing impediment to sustainable societal reproduction. Second, that an appropriate way to address this concern is utilizing the intellectually rich, pluralist and heterodox economic legacy, which bears an enormous relevance for the matter at stake.

The economists must adequately recognize their origins and realize that many up-to-date challenges can be tackled through the upgrade and re-adoption of its 300-year history. The challenge is accepting that focusing on efficiency and growth instead of inequality invariably reveals an ideology delivered in the form of a rigorous academic framework. The latter was undeniably a successful attempt to deter intellectual capacities from addressing the issues of societal welfare, done by assuming that individuals as utility maximizers and regardless of their incomparable preferences will render an optimal societal outcome by acting upon their self-interest. This gets to show that, like many before, the neoliberal school of thought will be regarded as another unsuccessful ideology as soon as the new one takes place. Regardless of the former, the point here is not to argue that the subsequent approach will be (or should be) a value-free one. The aim is to model the path towards a more sustainable and equitable society by advancing the knowledge-building process encompassing the best from the existing, contested theories.

Such a conclusion mandates a fundamental revision of how modern economics approaches inequality, which must re-enter public and academic debate as economists' primary concern instead of undesirable byproduct of efficiency indispensable for the creation of economic incentives. To that end, this special edition of Review of Economics and Economic Methodology, hosting experienced and young researchers, contributes towards charting a new route and putting to the forefront the questions of inequity, inequality, and insecurity.

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