

Socio-economic inequalities. Sources of their increase and research programme proposed by M.G. Woźniak

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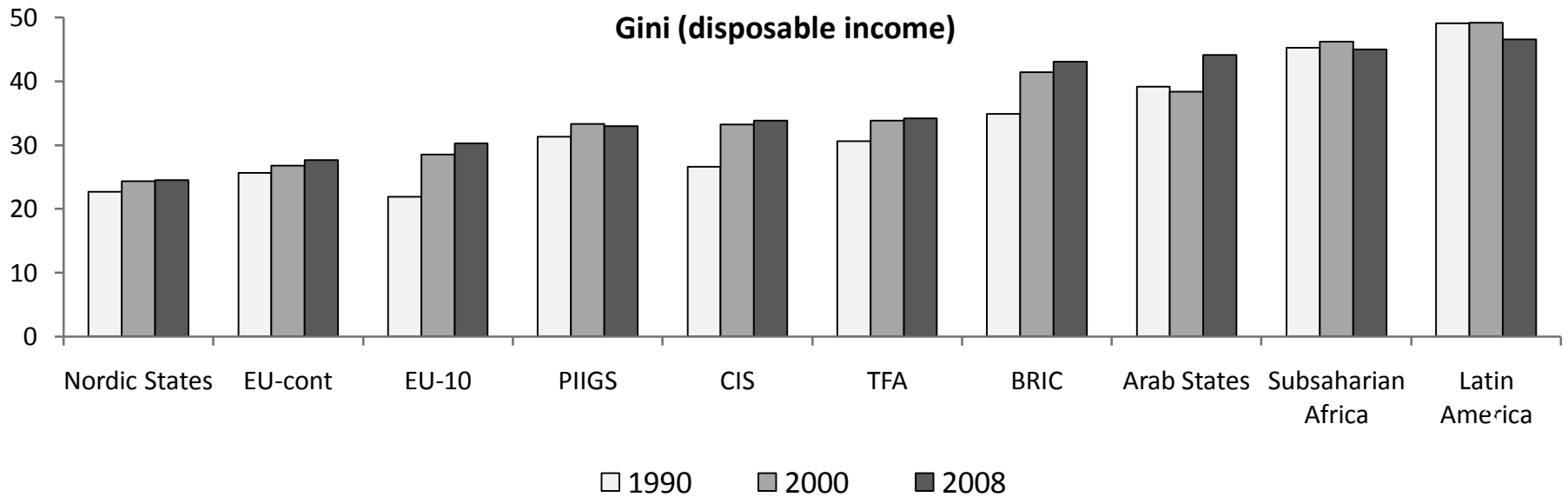
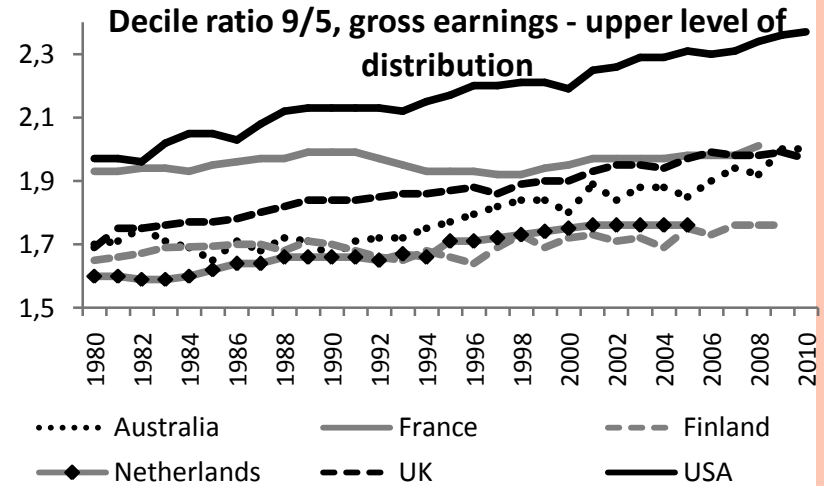
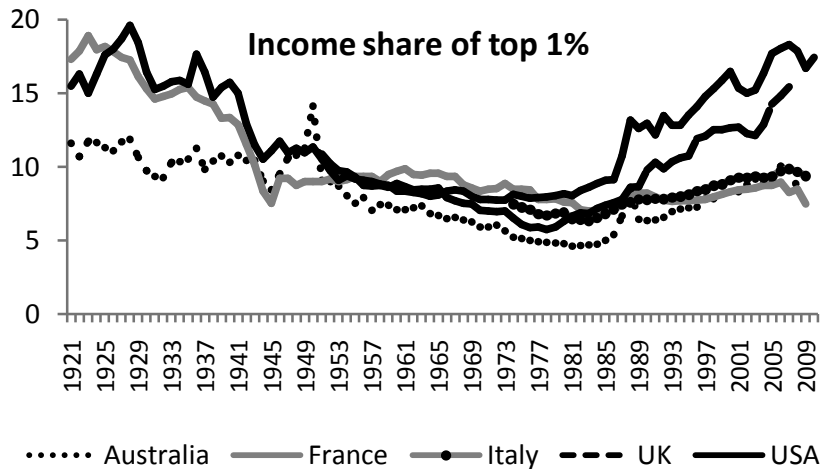
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AGENDA

- 1) Level and changes of inequalities in the world economies
- 2) Sources of inequalities increase in the national economies of the world: empirical research overview
- 3) Skeptical characteristic of economic research on inequalities
- 4) Assumption of integrated approach to research on inequalities by M.G. Woźniak
- 5) Research activity of the M.G. Woźniak's team since 2002
- 6) Upcoming research on socio-economic inequalities

INEQUALITY IN THE WORLD. WHAT DATA SAYS?



WHY INEQUALITIES IN THE WORLD INCREASE?

- Structural transformation (INEQ [2009], EC [2010]):
 - Intensified global competition of a new type
 - Growing importance of service economy now employing 2/3 of the workers
 - Rise of the knowledge economy : dual employment and wages
 - Changes in labour contracts (atypical contracts) – working poor
 - Pervasive cultural individualism (Giddens, Diamond [2006])
 - De-industrialization, in particular of developed economies:
 - Growing importance of financial sector in developed countries
 - Industrialization and production of goods and services (factual sphere) in developing countries
- Globalization processes and their challenges
 - Despite ambiguity in research findings on impact of trade development on income inequality (B. Milanovic [2006])
 - Financialisation (Azzimonti, de Francisco, Quadrini [2012])
- Dominance of liberal and neoliberal thoughts in economic policy:
 - Since 1970s-1980s in capitalist countries
 - Since 1990s in post-socialist countries of Europe and Central Asia: aspiration of the shock therapy (Woźniak [2006, 2011])
 - Ignoring the fairness of inequality, which goes beyond the main stream economics
 - Ignoring the socio-economic cohesion: combining the effectiveness with fairness

CHARACTERISTICS OF RESEARCH ON INEQUALITY

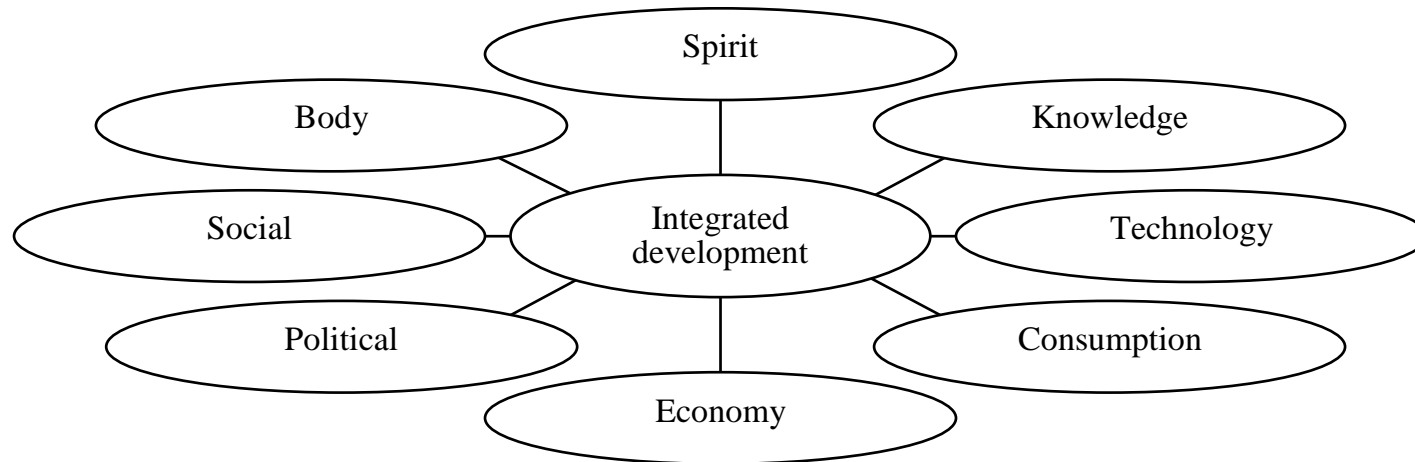
- Narrow cognitive perspective: *homo oeconomicus*, paradigms of mainstream economics
- Empirical research based mainly on income disparities:
 - Dispersion of incomes is one of the dimensions of socio-economic inequalities; What about the other dimensions of inequalities?
 - Dispersion of incomes is the inequality of outcome; What about the inequality of process and inequality of opportunity? (Burhardt 2006)?
 - Measurement: Gini coefficient – ambiguous findings of research on relation between economic growth and inequality (Voitschovsky 2005; Woźniak, Jabłoński 2011)
- Credibility and dissemination of research findings depends on methodological background of analysis: mainstream economics (Wade 2005; Basu 2006; Bourguignon Ferreira Walton 2007; Milanovic 2007)
- This research perspective does not make any (constructive) contribution to the debate about inequalities in the world: lack of potential solutions for solving the issues of growing inequalities – continuation of the *status quo* (Jenkins 2011)

What are the final recommendation of the precursors of research on inequalities?

- S. Kuznets [1955]: “*Effective work in this field necessarily calls for a shift from market economics to political and social economy*”
- A.K. Sen [1973, 1997]: “*numbers cannot tell the true story*”

INTEGRATED APPROACH TO RESEARCH ON INEQUALITIES SUGGESTED BY M.G. WOŹNIAK

- Fundamental question about fairness of inequalities
- Fair inequalities favor the integrated development, and consequently the implementation of objectives functions of the multidimensional beings of humans



- Objection to the economic imperialism, in other words to commercialization of each of the spheres of existence of humans
- Economic effectiveness – moral virtue
- Fairness of inequality is objected to the concepts of :
 - minimal state (night-watchman state) – pressure on economic imperialism
 - socialist type of welfare state – ignorance of economic criteria in realization of among others social objectives

INTEGRATED APPROACH TO RESEARCH ON INEQUALITIES SUGGESTED BY M.G. WOŹNIAK

- Broader – going beyond the mainstream economics – cognitive perspective – methodological holism:
 - Mainstream economics: economic efficiency as a necessary condition for economic growth
 - Heterodox economics (social and political economics, concept of social market economy): cognition of socio-economic cohesion
 - Political philosophy (J. Rawls), psychology: identification of concept of fairness, and fair inequality
- research perspective based on concept of integrated well-being, that covers harmonized objectives functions of the multidimensional existence of human beings
- Disaggregation of homogenous category of inequality (socio-economic) to:
 - Activating inequalities; that stimulate economic growth and development, and factor acquisition
 - Frustrating inequality; that discourage productive participation of individuals in processes of well-being production and distribution
- Assumption:
 - Inequalities are autonomous, and consequently results from and stimulate the real (factual) economic processes (economic growth and development, factor acquisition) – output of mainstream economics
 - Inadequate scale and scope of inequality determine frustration (discouragement, disappointment), and consequently depreciation of social capital and human capital

RESEARCH PROGRAMME IMPLEMENTATION

Aim: identification of the two-sided nature of inequalities (activating, frustrating), and their relations with economic growth in connection with concepts of integrated development, socio-economic cohesion and welfare state

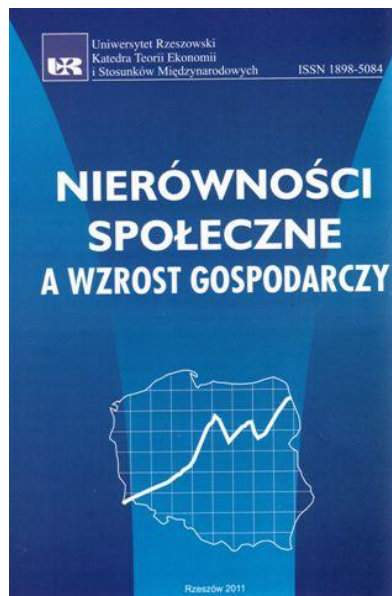
Launch a research programme in 2002:

INEQUALITIES – ECONOMIC GROWTH – MODERNIZATION

- Since 2002: annual scientific conferences on:

SOCIAL INEQUALITIES AND ECONOMIC GROWTH

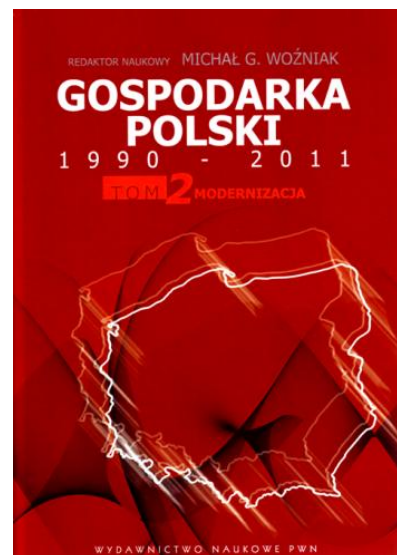
Journal: “Social Inequalities and Economic Growth”, 26 volumes



RESEARCH PROGRAMME IMPLEMENTATION

- Since 2005: annual Statutory Research Projects in Department of Applied Economics, Cracow University of Economics, Poland
- Since 2003: annual Statutory Research Projects in Department of Economic Theory and International Relations, University of Rzeszow, Poland
- 2009-2011: research project, contracting institution: Polish Ministry of Science and Higher Education on: “*Socio-economic cohesion and modernization of Polish economy*”

Products: 3 monographs, part 1 by M.G. Woźniak, part 2 and part 3 edited by M.G. Woźniak



RESEARCH PROGRAMME IMPLEMENTATION

- Theoretical and empirical research on two-sided nature of inequalities:
 - Positive impact of activating inequalities and negative – frustrating inequalities on economic growth of Poland and OECD-countries (Woźniak, Jabłoński [2008, 2011])
 - Impact of frustrating inequalities on debt crises in the OECD-countries (Woźniak, Jabłoński [2012/2013])

- Follow-up research on:
 - Identification and quantifying of the demand and supply effects of activating and frustrating inequalities on economic growth
 - Identification of better measures of activating and frustrating inequalities (micro- and macroeconomic perspective):
 - How to measure the outcomes of inequalities (activating and frustrating) for human capital and social capital acquisition and economic growth?