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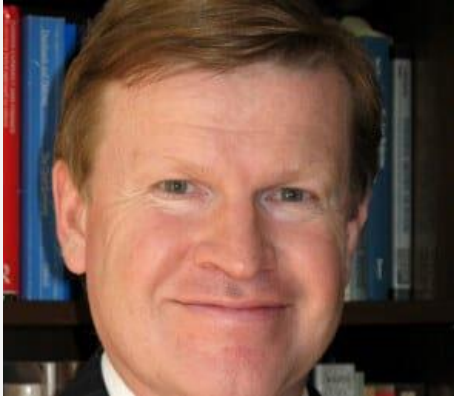
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An interview with Professor Harold James on transformative crises and the end of globalization as we know it

By [Mitja Stefancic](#)

Harold James is Professor of History and International Affairs at Princeton University. He focuses on economic and financial history and on modern European history. Professor James has recently commented on the consequences of the Covid-19 crisis, which has produced a uniquely severe worldwide economic downturn. As he told us, this is likely to produce new social tensions on the one hand, and, on the other, technical changes as well as increased globalization of information and a number of services.



Q3 Some of the financial instruments that are either available on the market or under development for the recovery of the current crisis, are preserved from the past. As an example, the Economic Stability Mechanism (ESM) was adopted by member states of the European Union in 2012 as a response to the consequences of the GFC. How useful are the lessons/instruments from the past in dealing with the current Covid-19 crisis?

The provision of central bank liquidity and the announcement of new bond purchasing schemes was highly effective in dealing with the short term shock, but the longer term issue is rather different in nature: the reorientation of the economy away from some sectors suffering from permanent decline. And here past actions do not always provide exactly the right template: for instance, in Europe the operation of the ESM is very much associated with policy conditionality, and governments responding to corona are pushing back against conditionality. The €750 billion package produced by the European Council is a very new sort of response: it represents a move to a fiscal union, with a European issuance of debt and correspondingly the need for a revenue stream to service the debt, that might have been desirable during the debt crisis but was never really implemented.

Q1 In your recent paper “[Seven transformative crises from European revolution to corona](#)” (2020) you stress the fact that severe crises occur with some frequency in history. Are you suggesting that the 2020 corona crisis shall not be interpreted simply as a “black swan”?

Indeed, it was predictable that a pandemic would disrupt globalization – there had already been scares about Sars, about Ebola. Vulnerability to infection was an obvious danger in a world of hyper-mobility. I had made that point about vulnerability already in a book in 2001, [The End of Globalization](#) (Harvard University Press).

Q2 How does the Great Lockdown (2020) differ from the Global Financial Crisis (2008)?

The Global Financial Crisis (GFC) originated in the financial system, while in 2020 the financial system was surprisingly resilient to shocks that emanated from the real economy – from the shutdown. In part that was a consequence of the lessons learnt above all by central banks in dealing with the GFC. The Great Lockdown also constituted something rather different to a conventional financial crisis: a supply shock. People could no longer get the products that they needed or wanted – including medical equipment and drugs. There are analogies to supply shocks in the past, harvest failures in the pre-modern world, or wartime disruptions. The oil shocks of the 1970s were also an instance of a supply shock. In each of these cases, the worry about supply eventually generated more rather than less global connectedness, as people and governments sought new sources of supply. These crises also generate [technical change](#), as innovation can also produce new sources of supply.

Q4 Do you think that the endeavors of economists and policy makers (e.g. in Western democracies) are adequately informed by past economic and financial crises? To refer to a question in your paper “[Seven transformative crises](#)”, can history serve as a helpful guide in this sense?

The initial impulse is to think about the last crisis – because after all that is the one that is most familiar to policy-makers but also to economists. What I wanted to suggest is that there are lessons that can be learnt about responses to global challenges from earlier episodes. There is a need to think about what kind of problem we are facing: in this case it is not so much a financially generated shock as a disease-induced breakdown of some of the basic linkages in a globalized world. That is why I thought it so important to think of the history of past supply shocks.

Q5 Finally, you argue that the current crisis is ‘more like a universal global crisis than any previous crisis’. Is the corona crisis potentially the end of globalization as we know it?

The short term effect of corona will be to deglobalize production: countries see supply chains disrupted, and large countries will try to become more self-sufficient in the production of critical medical goods and pharmaceuticals. But a global challenge will also produce a global response, as it is also clear that not every country can produce the full palate of pharmaceutical products. There will be more thought about international institutions that can coordinate reliable supplies.

In addition, the globalization of services may well intensify. For instance, more medical services will be delivered at a distance, with telemedicine, remote monitoring and diagnosis. Much of this was technically possible before the crisis, and some procedures, notably radiology, often took place over a big distance, often in other countries. The crisis has changed perceptions of the risks involved in personal consultations to both medical practitioners and patients. Large numbers of people are not going to doctors’ offices or hospitals because they are worried about infection.

Education is being transformed into long-distance learning, with virtual lectures, seminars, and classes being held through zoom or other internet platforms.

Something is obviously lost in immediate personal experience, but there is also a great deal that is gained. People are linked from across the world. Personally, I find it enriching to see students and colleagues in their home environments, and not just in a bland classroom or conference center. And this kind of education may be much easier to scale up – with the result that it becomes more widely accessible. There is no reason why all these services should not be internationalized or globalized.

The Covid-19 crisis will also increase the pace of other changes that were already under way, like the move away from conventional money and toward electronic currency. Many places don’t want to take bank notes anymore because of the risk of infection. The ECB has just announced a big e-currency study.

So in many ways, I think there will be more globalization – of information, of services – while the tendency to a reduced rate of growth in international trade may continue.

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How to Breathe 1—Capitalism as Robbery By Camilla Power

We can’t breathe. We humans, the voice and breath of the planet as its most conscious living organism, we can’t breathe. We need to breathe. In and out. Deeply. Take the long view for our planet and all earth’s organisms. Panicking now would be a disaster. To return to a breathable rhythm, we need to decolonise time.

We are dazzled by constant brightness, rarely see the dark sky, screens flickering day through night as turbocapitalism never stops. When we evolved as hunter-gatherers, before patriarchy, our productive activities, joys and sufferings were aligned with the risings and settings, day and night, of sun and moon, and seasons turning. For certain, no indigenous people before being colonised ever used manmade months. They used Earth-Moon-Sun systems, aligning all social life to the cosmos, the tides, nesting and migration of birds, changes of the moon, germination of seeds and fruiting of trees.

The ultimate expression of white supremacy is control of time itself, through the Gregorian calendar which subdued cosmological and ecological time. Conquistadors and imperialist freebooters, venturing forth with express intent to rob, deracinated native modes of cyclical time, propagating in their place such peculiar concepts as time being ‘wasted’ or ‘spent’, that time was indeed ‘money’.

Capitalism as a system emerging out of this background of forced labour robs us of our time. As Marx said: ‘In the final analysis, all forms of economics can be reduced to an economics of time’ (1971: 76). How a society organises – and distributes – time reveals what it truly values. The more that any person has their time taken away from them, eroded and devalued by poverty wages, the greater the degree of inequality.

In Part I of this essay, I will trace a history of how tighter and tighter control of time, from hours to minutes to seconds, has led to ever greater economic exploitation. In the second part to follow, I will ask how we could organise time in a way that would turn back inequality. What can indigenous and egalitarian societies teach us about the passage of time?

Imperialist time

The hourglass, sadly adopted by Extinction Rebellion as their symbol, started it. Church canonical hours, dictating the fixed times for prayers and activities in christian patriarchal orders, began to remove divisions of time from nature. In their ‘très riches heures’, aristocratic ladies followed the monastic discipline of time and motion through their breviaries, while the peasants who laboured for the feudal landowners snatched work breaks measured by a

sandglass. As time grew linear, trickling forever between two bulbs of glass, *'Tempus fugit'* – the idea of a shortage of time – impressed itself onto European Christendom.

European voyages of 'discovery' and exploration mapping out the colonial future depended on the hourglass. On Magellan's circumnavigation (1519-22), 18 hourglasses from Barcelona were used to keep the ship's log, keeping track of the hour in the home port against the local noon, the sun at zenith.

The Royal Observatory, built at Greenwich in 1675-6, established what would become the prime meridian, the imperial standard of measurement of time and space across the Earth. It housed the Astronomer Royal, whose express job description was to 'apply himself ...to the rectifying of the tables of the motions of the heavens, and the places of the fixed stars, so as to find out the so much desired longitude of places for perfecting the art of navigation.' (Baily 1836: 293) Solving the problem of longitude – location from East to West on the surface of the earth – was vital to the voyages of imperialist exploration and conquest. Initially, a cosmological approach was taken, aiming to understand the errant motion of the moon and its eclipses, and tabulate this precisely. But by the 1750s, John Harrison's chronometer, the marine watch H4, now enshrined at Greenwich, proved practical and accurate (Sobel 1995). On his first voyage, James Cook used the lunar distance method to calculate his E-W position, but took K1, a copy of H4, on his later voyages and produced his famous charts of the southern Pacific, planting the first Union flag on Botany Bay, April 29, 1770.

Capitalist time

In his brilliant essay 'Time, work-discipline and industrial capitalism' (1967), E P Thompson traces how and when clocks, especially clocks with minute hands, began to impact working people's lives in England. This process was intimately associated with the onset of industrialization, and the accompanying enclosures forcing many off the land into the slums, factories and workhouses. It also lies at the root of our entire education system, indoctrinating children into 'time-thrift'.

People working on the land could fairly well disregard clocks. Church bells chased them up in the morning, but so too did cockcrow. The natural limits of dawn to dusk gave customary expectation of what could be done in one day. Fishermen and sailors had to attend to the lunar rhythm of tides. But time was fundamentally 'task-orientated' (1967: 60), work being organised by what needed to be done in accordance with seasonal and organic rhythms. Task orientation involves least demarcation between 'work' and 'life'; social life and labour run together; and there is little conflict between labour and 'passing the time of day'. This holds true above all for an independent peasant or craftsman. But as soon as someone's labour is employed by another, a sharp dis-

inction emerges of the employer's time and a worker's 'own' time. The value of time is monetized: 'Time is now currency: it is not passed but spent' (1967: 61).

So long as manufacturing was done in small-scale workshops and 'cottage' industries with family members engaged in a division of labour, the socially flexible and irregular labour patterns under task-orientation could prevail (1967: 71). Many such workers had a wide variety of occupations and tasks: Cornish miner-fishers; Pennine farmer-weavers; domestic workers who joined in the harvest. No single day's work might look exactly like another, and much was paid piece-work.

Thompson pays particular attention to a traditional irregularity of the working week. If artisanal workers were paid for goods delivered by Saturday, then drank away the Sabbath day's rest, they frequently treated Saint Monday as another day off (1967: 72). With a wage in their pocket, they were in no hurry to get back to work. This tradition of workmen's autonomy was a major stumbling block for large-scale machine industry as factory owners and foremen tried to make sure their workforce turned up on time.

At the turn of 18th/19th C., Saint Monday (sometimes followed by Saint Tuesday) was observed among all trades: 'shoemakers, tailors, colliers, printing workers, potters, weavers, hosiery workers, cutlers, all Cockneys' (1967: 73). Thompson draws on diaries to show the frequently hectic pattern of the working week. Time off on Monday and Tuesday meant longer and longer hours towards the week's end to meet contracted orders. Thompson observes that this work pattern of alternate bouts of intense labour and then idleness occurred wherever men were in control of their own working lives. He suggests it may be a 'natural' human work-rhythm.

But there were sexual conflicts entailed in the ways skilled labourers drank up their wages, voiced in the late 18th C. Sheffield song, *The Jovial Cutlers*:

**Brother workmen, cease your labour,
Lay your files and hammers by.
Listen while a brother neighbor
Sings a cutler's destiny:
How upon a good Saint Monday,
Sitting by the smithy fire,
Telling what's been done o't Sunday,
And in cheerful mirth conspire.**

**Soon I hear the trap-door rise up,
On the ladder stands my wife:
"Damn thee, Jack, I'll dust thy eyes up,
Thou leads a plaguy drunken life;
Here thou sits instead of working,
Wi' thy pitcher on thy knee;
Curse thee, thou'd be always lurking.**

And I may slave myself for thee".

**Ah, the bright, fat, idle devil
Now I see thy goings on,
Here thou sits all day to revel
Ne'er a stroke o' work thou'st done.
See thee, look what stays I've gotten,
See thee, what a pair o' shoes;
Gown and petticoat half rotten,
Ne'er a whole stitch in my hose.**

**Pray thee, look here, all the forenoon
Thou's wasted with thy idel way;
When does t'a mean to get thy sours done?
Thy mester wants 'em in today.
Thou knows I hate to broil and quarrel,
But I've neither soap nor tea;
Od burn thee, Jack, forsake thy barrel,
Or nevermore thou'st lie wi' me.**

While a workman still could apportion his time, a wife – household labours unpaid – had one weapon only: sex-strike. Women's demands for cleanliness and respectable attire may have been one of the most important factors in promoting work hour discipline, and women's complaints about their husbands are often posed against ram-bunctious male idleness. Rural labour, under the pressure of enclosure (removing access to common land) and agricultural improvement, was increasingly forced to greater work-discipline, or the punitive threat of unemployment, and the poor law. As Thompson recognises, rural labourer's wives had the most arduous and prolonged working hours of all, including childcare, housework, domestic chores and work in the fields (1967: 79).

In tracing the transition from the 'highly developed and technically alert' manufacturing industries arising in the 18th C to mature industrial capitalism of the 19th C., Thompson takes an anthropological view that 'The stress of the transition falls upon the whole culture: resistance to change and assent to change arise from the whole culture. And this culture includes the systems of power, property-relations, religious institutions...' (1967: 80). Among the reasons why the transition was peculiarly protracted and fraught with conflict in England was simply that England's was the first industrial revolution. There were no 'Cadillacs, steel mills, or television sets' (1967: 80) already existing as spurs to some Great British dream for the impoverished slum and tenement dwellers of Manchester, Glasgow or Merthyr.

Thompson inspects one of the oldest testaments to time-discipline, the Law Book of the Crowley Iron Works, dating to 1700. At the very birth of the large-scale unit in manufacturing industry, the owner of the ironworks 'found it necessary to design an entire civil and penal

code, running to more than 100,000 words, to govern and regulate his refractory labour-force' (1967: 81). This had all the features of disciplined industrial capitalism – the time-sheet, the time-keeper, the informers and the fines.

A whole doctrine and propaganda of 'time-thrift' emerged, inculcated by religious and educational institutions aimed at 'the poor' whose 'idle ragged children' were not only 'losing their Time' but learning habits of gaming. Charity schools multiplied to teach Industry, Frugality, Order and Regularity: 'the Scholars here are obliged to rise betimes and to observe Hours with great Punctuality' (Clayton 1755, cited in Thompson 1967: 84). In other words, England's education system was founded to train children to use their time for the bosses' profit.

Thompson notes the stages of resistance to this 'onslaught... upon the people's old working habits' (1967: 85). First came simple resistance. But, in the next stage, as the new time-discipline was imposed, so the workers fought, not against time, but about it. It was in the industries – textiles and engineering – where the new time-discipline was most rigorously imposed that the contest over time became most intense:

The first generation of factory workers were taught by their masters the importance of time; the second generation formed their short-time committees in the ten-hour movement; the third generation struck for overtime or time-and-a-half. They had accepted the categories of their employers and learned to fight back within them. They had learned their lesson, that time is money, only too well. (1967: 86)

Benjamin Franklin, regularly on time when working as a printer in 1720s London, gave full expression to the new capitalist, puritan ethic:-

Since our Time is reduced to a Standard, and the Bullion of the Day minted out into Hours, the Industrious know how to employ every Piece of Time to a real Advantage in their different Professions: And he that is prodigal of his Hours, is, in effect, a Squanderer of Money. I remember a notable Woman, who was fully sensible of the intrinsic Value of Time. Her Husband was a Shoemaker, and an excellent Craftsman, but never minded how the Minutes passed. In vain did she inculcate to him, That Time is Money... (Franklin 1751, cited in Thompson 1967: 89)

Hear the voice of the Complaining Woman again. Thompson summarises: 'In all these ways - by the division of labour; the supervision of labour; fines; bells and clocks; money incentives; preachings and schoolings; the suppression of fairs and sports - new labour habits were formed, and a new time-discipline was imposed.' (1967: 90) Through the 19th C., workers were incessantly bombarded by the 'propaganda of time-thrift'. The leisured classes began 'to discover the "problem" ... of the leisure of the masses' (1967: 90).

As documented by Marx and Engels, the original proletarian class struggle of the 19th C. took place on this battleground over time. Today, that battle has been transported to every corner of the earth, S and E Asia, Central America, the Middle East and Africa, the same patterns arising as people are forced off the land, which granted them a certain autonomy, into regimented factories. Listen to the words of an Indian woman worker, reported in November 2020 (Vaidyanathan 2020), from a rural South Indian factory scrambling to meet orders from fashion giant Ralph Lauren:

We're made to work continuously, often through the night, sleeping at 3 am, then waking up [on the factory floor] by 5 am for another full day...Our bosses don't care. They're only bothered about production.

Similarly, workers at supermarket suppliers (including Marks & Spencer, Sainsburys, Tesco) said: 'We don't get toilet breaks, we don't get time to drink water on shift. We barely get time to eat lunch.' Often forced to work overtime, and not allowed home until all contracted work is finished, these women were harassed and bullied under threat of losing their jobs. One objected, 'they shouldn't treat us like slaves...'. Conditions resemble modern slavery, with almost complete alienation of time. But rich first-world economies do not alleviate exploitation of workers trapped and intimidated into accepting less than the minimum wage, as witnessed by conditions in Leicester textile sweat shops during the summer of 2020, found to be rife COVID hotspots (Pittam 2020). In China, Uighur, Tibetan and North Korean workers forced into factories to meet vast emergency orders for PPE are treated as virtual slave labour (Pattison, Bremer and Kelly 2020).

Meanwhile, the world's original proletariat – English, Scottish and Welsh workers – have lost their jobs and former organisational solidarity in manufacturing industries that have gone global. Now they scramble for the crumbs of a post-industrial 'gig' economy. No longer clocking in by the minute, they become subject to intense surveillance as they try to meet delivery targets and times, with actions and GPS locations now recorded to the second. In this new order of time-and-space discipline every second is made to count by punitive fines and pay deductions when failing to get deliveries to the right addresses through gridlock traffic. Ken Loach's film *Sorry we missed you* (2019) tells the story of a self-employed delivery driver succumbing to the stress of work patterns that lack any fallback for sickness, time-off or family troubles. There is no time to be human.

At the other end of the scale of casino capitalism, high frequency trading on the world's stock exchanges now operates on a basis of nanoseconds, with investment banking and hedge fund manipulation and shorting of stock values at incredibly small fractions of time (MoonX 2019). The priority of these systems is completely given over to roller-coaster, algorithmic profit-seeking at the

expense of any form of stability or security for producers of commodities or assets. 'Securities' and 'futures' become oxymoronic labels for complete insecurity of an unsustainable future. At the stroke of a keyboard in the London or New York Stock Exchange, livelihoods can be wiped out on the other side of the world.

This is the ultimate expression of capitalism's control of time, triumphant in its ability to extract more and more value from tiny divisions of time, leaving a workforce (if lucky enough to have jobs at all) zombified and bloodless. Desperate to pay rent, on zero-hours contracts, the precariat lacks a pulse or breathable rhythm for human social life as our planet hurtles into ecological catastrophe.

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One paradigm or many? Toward a democracy-oriented economics

By [Peter Söderbaum](#)

Democracy is a big issue these days in many countries. The leadership in some nations tries to systematically weaken democracy, it appears. I am thinking of Hungary and Poland. Even in the USA Donald Trump behaves strangely in relation to normal principles of democracy.

What are those principles of democracy? How do we deal with democracy in economics education? When consulting the standard textbook of mainstream neoclassical economics (Mankiw and Taylor, 2011) I realize that the word “democracy” is not part of the index at the end of the book. There are a lot of references to “demand” in the index but nothing to “democracy”. This lack of interest in democracy within the subject of economics can be understood as part of an assumed value-neutrality of economics (or assumption of being close to value-neutrality).

Mankiw and his colleague try to deal with this by making a distinction between “positive statements” which are “descriptive” and “normative statements” which are “prescriptive” (Ibid. p. 32). I share Gunnar Myrdal’s position that “values are always with us” in economics research and education (Myrdal, 1978, p. 778). Even so called “positive” or “descriptive” statements are built upon values about how to frame an issue and about what to describe and how to describe it.

My point in this short essay is that democracy should be seen as an essential building block in any economics. As economists we should be part of those who want to strengthen democracy rather than weaken it in any country and even globally (Shiva, 2005). Democracy is about involving as many citizens as possible in governance and it is opposed to authoritarian regimes; it is about how power should be allocated in society. It is about the human right to have an opinion (without being sent to jail). It is about voting procedures and many other things. The mentioned position of Myrdal implies that there is no value-free paradigm in economics. The neoclassical paradigm is ideologically oriented toward markets, commodities, prices, competition etc.. Analysis is generally carried out in monetary terms. There is no questioning of the main features of the present political-economic system. This is OK and may be useful to some extent and in some situations but such a perspective cannot claim to be the only one in a democratic society. Heterodox economists suggest other conceptual frameworks connected with other ideological orientations. In my case of an



“institutional ecological economics”, the United Nations 17 Sustainable Development Goals (SDGs) are at the heart of my ideological orientation and I am even ready to question some essential elements of the present political-economic system in the attempts to improve performance in relation to the 17 SDGs.

This reasoning suggests that limiting analysis in economics to one single paradigm is not compatible with democracy but rather with its opposite, dictatorship. It is a kind of manipulation that should not be permitted in a democratic society.

The fact that many ideological orientations, for example connected with different political parties, are present in a society should be reflected in how we work as economists. Each economist is an actor (with an ideological orientation) and thus a political economic person among many. She (he) can clarify her (his) views in specific ways but need to be aware of the existence of other paradigms. Humility is a quality that needs to be cultivated by all of us as economists. Pluralism appears to be a relevant position. In a social science such as economics, the “paradigm-shift” idea – implying that at any one time only one paradigm is respected – should be replaced with a “paradigm-coexistence” view.

So, the question raised in the title of this short essay about whether we should think in terms of “one paradigm or many” is answered in the direction of some diversity. There are many paradigms and connected ideological orientations rather than one. We can learn from each other; paradigms can be compared with respect to conceptual framework (and performance when applied) and you do not need to be critical about everything outside your preferred paradigm. While neoclassical theory and method does not go well with sustainable development, I can well admit that taxes, charges or monetary budget instruments can be used in influencing the members of society and the economy. It is only the case that something more and different is also needed.

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Which healthcare system was up against coronavirus in Brazil?

By Ana Paula Guidolin, Grazielle David and Pedro Rossi

The understanding of the Brazilian healthcare system history and financing is essential to comprehend its reach and limits in guaranteeing the right to health in “normal” times and in the coronavirus pandemic. The Brazilian Unified Health System (SUS) was already fragile as a result of chronic underfunding and austerity policies when the country was hit by Sars-CoV-2. Besides that, the Brazilian Gross Domestic Product (GDP) level had not yet recovered from the economic crisis that began in 2014-2015 when the crisis caused by the pandemic started.

Within the proclamation of the Federal Constitution of Brazil in 1988, a social security model that aims to universalize the right to health through a public healthcare system emerged. Despite the legal statement that social and economic policies must ensure the Unified Health System (SUS), the Constitution did not precisely define the *modus operandi* of the health financing policy. Specially for the federal government, there was a lack of definition until the approval of the Constitutional Amendment n. 29/2000, which defined that the minimum amount would be equivalent to the amount committed in the previous financial year plus, at least, the percentage of nominal GDP variation that occurred in the previous year of the Annual Budget Law (LOA). The next legal improvement came with the Complementary Law n. 141/2012, which defined rules of inspection, evaluation, and control of health expenses. However, there was no substantial expansion of SUS federal financing, despite constant demand from the Sanitary Reform Movement and other sectors of society.

In 2015, the first institutional step in the budgetary contraction for health was taken, embodied by Constitutional Amendment n. 86/2015, which defined the minimum value allocated to health by the Federal government as a percentage of 13.2% of the Current Net Revenue (RCL). This percentage would be progressively expanded until reaching 15% of the RCL in 2020. The budgetary contraction is revealed by the data pointed out by the National Health Council (CNS) that, in 2014, SUS were financed with 14.38% of the RCL of the year: the establishment of 13.2% of the RCL for 2016 would represent a contraction in the health budget, that still would be aggravated by the drop in tax collection given the crisis situation (CNS, 2015). Thus, in response to Direct Unconstitutionality Action (ADI) n. 5595, Supreme Court Minister Ricardo Lewandowski granted an injunction establishing that the minimum allocated would be 15% of RCL since 2016 already. Nevertheless, this rule was quickly substituted by a harsher one.

The current rule for SUS' federal financing is inserted in Constitutional Amendment n. 95/2016, named “Expenditure Ceiling”, which instituted the New Fiscal Regime (NRF) valid for 20 years until 2036. According to this regime, the primary expenditure of the federal government – which excludes the payment of interest on public debt – is limited in real values, that is, the expenditure of the previous year is readjusted only by the accumulated inflation measured by the Broad Consumer Price Index (IPCA) in the last 12 months up to the month of June of the previous year. In practice, under the Expenditure Ceiling, there will be a reduction in public spending in relation to GDP and the number of inhabitants. This measure was inspired by the idea of an expansionary fiscal contraction, which means that austerity was placed as a driver of confidence among private agents, thus leading to economic recovery.

The fiscal austerity policy compromises the fulfilment of the right to health both through the restriction in the supply of public goods and services – mainly the SUS – and by the consequences on demand that aggravate and are aggravated by the increase in unemployment due to the economic policy (Furceri; Loungani; Ostry, 2016). As outlined by Vieira (2016), the combined effects of the economic crisis and fiscal austerity measures result in financial and material losses, impoverishment, bigger exposure to risk factors and diseases and a decrease in the ability to pay for health offered in the private sector. This combination of determinants converges to increase the demand for public health services while the response capacity of the health system – embodied in the access and quality of services – decreases (Vieira, 2016).

That was the scenario in Brazil when the pandemic started. Labor underutilization in 2019 reached 24.4 million of Brazilians, more than double the level of 2014. Since 2015, extreme poverty reached record levels year after year – at the end of 2019 there were 13.88 million of people living in miserable conditions. The rate of coverage of private health insurance that was increasing continuously since 2003, decreased 6.6% between 2014 and 2019 due to a loss of jobs and income. In addition, there is a demographic movement in the direction of an aging population that brings with it a change in the epidemiological profile, demanding more public health for the population; in turn, the evolution in the cost of inputs, materials, medicines and health technologies that have a continuous increase in their relative prices, is also not being considered. In the current pandemic scenario, poverty is known as a risk fac-

tor for death from coronavirus infections as those employed in low paid work could not retreat to make-shift home offices, and so they face high levels of exposure to Covid-19 (Hall et al., 2020). In addition, poor communities like *favelas* already have precarious conditions of housing and sanitation (Oliveira, 2020).

Analyzing the federal budget execution on SUS financing – considering the total paid amount in real terms – it is clear that the annual real growth rate has been dropping rapidly since 2015, moving away from the 5.7% average real annual growth between 2004 and 2014 to an average of 0.2% between 2015 and 2019. This “zero growth trend” is now officially institutionalized with the Constitutional Amendment n. 95/2016.

The financing of SUS in relation to GDP is below the 6% target set by Pan American Health Organization (PAHO/WHO) and is also low compared to other countries that have universal health systems. The use of budget loopholes, such as the registration of unpaid commitments, that can be extended indefinitely without being adjusted for inflation or even canceled, serves as a subterfuge for compliance with the minimum level of federal expenditure with ASPS – measured by the amount committed – and concomitant generation of primary surplus, despite the non-realization of the expense implying the non-offer of healthcare to the population. Such mechanisms tend to be exacerbated as long as the mandatory health spending is determined at the commitment stage and not at the payment stage.

Among all the legal frameworks analyzed, the “Expenditure Ceiling” traces the worst possible horizon. However, the feasibility of this logic was built over time with budget rules that tied SUS funding sometimes to GDP growth and sometimes to a percentage of current revenue. Therefore, the right to health was subjugated to economic variables taken for granted, hiding the autonomous character that the State has, the multiplier effects that social spending generates on the economy as a whole and, finally, the prohibition against social regression that is widely guaranteed in international human rights agreements (UN, 1966). Constitutional guarantees of a budget were seen in these three decades as an achievement that could guarantee resources for social areas considered as priorities, including health. However, as this guarantee was cut by the “Expenditure Ceiling”, it is time to discuss a new rule for real growth in SUS financing, so that the economic cycle interferes as little as possible in the health of the population. Tax breaks for private health insurance and openness to foreign capital should be reviewed. Objective parameters – such as recurrence of epidemics, goals of prevention campaigns, aging of the population, evolution of health technologies and correction of historical failures in the coverage of SUS – should prevail to determine the amount invested.

No country was really prepared to overcome Covid-19, but Brazil could be better prepared if it were not for the erosion of its health care system by chronic underfunding and recent austerity policies.

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Why do we need pluralism in times of disruption? A practical guide

By [Małgorzata Dereniowska](#),
Gdańsk University, Poland

Today we are going through a period of disruption due to the COVID-19 pandemic that impacts us individually and collectively in an unprecedented manner. Because we see how interconnected we are, the sense of unity, solidarity in time of crisis is necessary. So why bother with pluralism in the first place?

Introductory remarks about pluralism and the new normal

We are currently in an unprecedented moment in human history. Although humanity went through several pandemics and disruptions, this is the first time that all the globe is equally affected by the virus, and everyone, everywhere, has to deal with the lock-down and its consequences. Our normal is gone, and we do not know what is ahead of us. The world as we knew it is not there, and there is little left of the “normal” to hold on to. We see the health devastation around us, and worry about the galloping economic crisis, and the social impact of both. We are all urgently seeking for any leftover certainty we can get. This is why it is so important to have standards and to have some objective basis for our understanding of what is happening with us, our societies and economies under the risk of COVID-19. All the more, given the highly politicised debates about coronavirus, misinformation, and fake news spreading - we need something reasonable to ground ourselves in this new reality. A pluralist tolerance to everyone’s right to personal freedom of choice, autonomy, affirmation of differences of perspectives seems to be the last wanted thing right now - especially in science - in navigating through these disruptive times. But is it?

This is a unique situation for pluralists invested in building capacity for democratic dialogue in academic and public spheres. In the midst of a world panic about the spread of the virus, the world has become increasingly polarised. We hear that it is all about survival *or* economic interest; it is all about public health *versus* individual wellbeing. This divisive consciousness makes us all, individually and collectively, unnecessarily vulnerable. History knows countless examples showcasing how easy it is to manipulate scared people into extreme expressions of social polarisation and antagonism by promoting “us versus them”, for the benefit of the very few who know the tricks of behavioural sciences and who opportunistically take advantage of crises. Therefore, especially in the face of fake news, the pluralist concern becomes about how to maintain a pluralist spirit in a way that constructively supports the crisis management, actionable research, and individual and collective adaptation process.

Affirmation and practice of pluralism has been an important aspect of inclusiveness in societies, progress in sci-

ence, and intellectual freedom. It is the pluralist spirit that safeguards tolerance and recognition of perspectives, respect for differences, and creation of a space of contestation and challenging of ideas, testing hypotheses, and making a reality check. At the same time, pluralism has been always raising concerns, not least because pluralism about plurals exists (Lassman 2011).

A prominent charge against pluralism is that it leads to anything-goes relativism, implying no objective standards against which reasoning and practices can be evaluated (Dereniowska 2017), giving no grounds for certainty and truth. The worry about relativism, which is a position so easily associated with pluralism, is that it is unhelpful for achieving social cohesion or understanding of truth in science, or even that it can have a destabilising effect on common understanding and common ground for standards and norms. After all, standards and norms are necessary in society, politics, and science. But already here we can see that there is a significant difference between pluralism (meaning that diversity exists) and relativism (in the sense of anything-goes, although this is certainly but one radical interpretation of relativism): relativism aka anything-goes may be unwanted, but we cannot extend the same line of reasoning to pluralism. This would assume communication predicated on consensus, or even imply that unanimously accepting standards and norms could be considered as a superior expression of social and scientific order. But human history is too full of horrific and genocidal consequences of such thinking in action, reminding us also that diversity is an immanent feature of humanity (Berlin 2000). In words of Stuart Hampshire:

“the diversity and divisiveness of languages and of cultures and of local loyalties is not a superficial but an essential and deep feature of human nature—both unavoidable and desirable—and rooted in our divergent imaginations and memories” (2001, p. 37).

The next question, therefore, is this: according to what kind of standards do we exclude some voices, positions, and perspectives? After all, what is at stake is the concern about social order and truth in science. So how much pluralism can be allowed in public and scientific debates?

Instead of answering these difficult questions, I am going to turn the discussion around, and address the following issue: *how to be a pluralist without stepping into relativism?* Problematizing pluralism in this way is especially important today, in times of disruption.

On the meaning and principles of pluralism

One can be a pluralist in any sphere or area of life. Pluralism, as understood here, is a philosophy that views *differences* and *diversity* as facts about social reality (Benjamin 2003). It is also an approach that considers diversity, differ-

ences, and even dissensus to be an important element of social, political, and scientific interactions that aspire to a fair and just account of complexity of the real world (Söderbaum 2008). An advantage of a pluralist's attitude is that its openness to even consider other perspective prevents us from being stuck in our biases. After all, it is through encounters with diversity and differences of perspectives that our views and positions are challenged. We can react in different ways to the diversity and difference challenge: we can deny the value and legitimacy of other's positions simply because they differ from ours; we can see their point, but fight it and maintain a narrative of "us versus them"; or, we can reason *with them* and explore whether there is something in our own position and mindset that requires some adjustment.

To clarify further the meaning of pluralism, let me point to three important considerations:

1. At the core of the pluralist approach is that in pluralism lies the recognition and acknowledgement of the value of diversity and difference, and a commitment to protect these values in order to prevent exclusion and oppression, especially of the most vulnerable and underrepresented positions and groups.
2. Exclusion, censorship and eradication of diversity - be it ethnic, political, or intellectual diversity - has been one of the main tactics of any hegemonic or totalitarian system that wanted to take over control of human perception and behaviour. This tactic has also been used in science to stop progress that otherwise would lead to dismantling some already established scientific paradigms.
3. Even if we cannot (and perhaps should not) hope for a full consensus on matters of what is *right* or *wrong*, we can and should rely on procedural fairness and common rationality. This is an argument put forward most notably by Stuart Hampshire (2001), who argues that these elements are universal features of human behaviour across the cultures and traditions. Perspectives and opinions about substantive issues (i.e., what is *good* and what is *wrong*) arise from human sentiments. But procedural fairness (e.g., the right to be heard) is a fundamental kind of fairness, a constant in human nature; procedures that are necessary for any social order are seen as primary.

Having these three points in mind, I suggest a **pluralist do's and don'ts' tentative, inexhaustive list** of interest of not only those who identify themselves as "pluralists", but of everyone who wants to build collective resilience in times of crisis:

1. **Do not condone with violence and stand up against evil.** There should be a period here as this should be self-explanatory. But it is not always so. Minimizing suffering as much as is possible is one of the major and most important universal moral principles (Berlin 2000; Connolly 2005). But why create suffering in the first place? Suffering should be avoided and it means that we have to react. Pluralist philosophies promote tolerance, but it

is never an absolute tolerance. The sharp line for pluralist inclusiveness lies here: on behalf of tolerance, no one would and should accept violence or violations of human rights and dignity, or any exclusionary attempts at total control. The reason this is a fundamental principle of a pluralistic philosophy is that violence and hegemony endanger the cultivation of diversity (Hinman 2003). Especially today, when people face restrictions due to the lock-down necessities, and some of them see their autonomy and rights threatened, it is more important than ever that our interactions are based on respect to ourselves while respecting the requirements of social distancing. Behaviors and debates that ignite violence only feed an already destabilised sense of safety and value.

2. **Do the reality-check:** An important criterion for differentiating between an opinion (to which everyone is entitled) and reality is whether the statement is evidence-based. Everyone is entitled to an opinion. But there are limits to acting on the basis of one's own or communal opinion. This basis is defined, for example, by professional codes of ethics, constitution, law, best available knowledge (do not mistake this with knowledge accuracy or certainty of knowledge), intersubjective social and moral standards and customs. These all provide a list of checking boxes. Today it is easy to misuse or distort scientific facts and wisdom that come from cultures and traditions. But the "evidence-based" phrase can also be misused to distort the perception of reality if it is applied in a way that covers alternative explanations and dissent, especially in science. There is a great deal of info-warfare. At the same time, commonplace censorship practices (e.g., by the popular social media platforms) are normalised. This implies dumbing down of the people by considering them as incompetent and not capable of discerning things by themselves in the first place. Most likely, this is not the circumstance that you would like to see yourself in, and so the other people.
3. **Be consistent, live with integrity.** Consistency is about integrity between three elements: what you think, how you act, and how you interact with your ecosystem. Being consistent and living with integrity means not only having and cherishing some values and principles, but also expressing the unique you in a way that consistently supports the collective process of dynamic renegotiation of our perceptions and meaning we ascribe to the world so we all can integrate our contributions in a rightful way. You are not living in a social, economic and political vacuum. What you do and think does matter. How you express yourself also matters. You do not have to comply to everyone else's standards, but you do play a role in collective social and cultural evolution process that we all are a part of. The more polarising and antagonising your expression is, the more bumpy our evolution process—wherever it is taking us.

4. Participate constructively in social and political life. Such participation requires a **recognition** of the other part and **hearing** what the other part has to say. It also calls for **self-scrutiny**, as well as **taking responsibility** for one's own views, beliefs, and actions. Our judgments, principles, and theories are not fixed once and for all, but they are relative to our best available knowledge and beliefs about the world. This brings us to the next point:

5. Be responsible. The exercise of autonomy and freedom by people always goes along with moral responsibility. **Practiced responsibility** is one of the most important ingredients of ethical and democratic legitimacy. It requires not only transparent communication, but also the final element:

6. Moral competence. This term refers to an ability to solve problems and conflicts through thinking and discussion, a process that involves moral principles (Lind 2016). Research in moral psychology demonstrates that morality can be taught (*ibid.*) through favorable learning opportunities (Schellinger 2006). Lind argues that:

“coercion would not be needed if we would give all citizens an opportunity to develop their ability to solve conflicts and problems through thinking and discussion. This moral competence would immunize us against fear and panic and thus also against immoral practices” (2020).

Conclusion

It is because we have a diversity of people, views, perspectives, and scientific paradigms that we can evolve. By encountering differences, growth opportunities happen for individuals and collectives. The current unprecedented crisis of the coronavirus pandemic that turned the world upside down offers us not only a total disruption of social and economic life; it offers also an opportunity to mutate to a higher level of individual and collective consciousness. We don't have to be the same, think along the same lines, and agree with each other in order to express solidarity. But we have to respect the differences and recognise the unknown, instead of trying to push for illusory certainty. Recognizing complexity as an immanent feature of reality implies that more than one single answer to the research questions can be found (Dryzek 2005), and in some cases there are no rational rules for adjudicating which of them is the more true (Dereniowska 2017). Indeed, the search for certainty as the equivalent of truth is impossible under the condition of the complete, global disruption caused by the pandemics. Instead, [an approach that is about adaptation to complexity](#) is needed. As it happens, these are the features of the pluralist spirit. Pluralistic thinking and practice have the potential to respond to some of the needs of our current, uncertain times by facilitating individual and collective adaptation to the new situation that we are all in with all our differences. Although a pluralistic approach implies an open, dialogical, and tolerant attitude toward alternatives, it does not mean the lack of criticism, or the lack of scholar-

ly identity. To be a pluralist is consistent with representing one particular school of thought, while being open, tolerant, and knowledgeable about others. The pluralist do's and don'ts, tentatively proposed here, illuminate only the basic steps towards an inclusive and fair social and academic debate across our differences. Pluralist practice and thinking is not about converging views in society and science and silencing any kind of dissent. It is about shifting consciousness from one that is based on division, and therefore divisive thinking that perceives threat in any expression of differences from the perceived truths, towards relational consciousness that is based on deeply ethical and non-violent attitude towards others social, public, and academic contexts. This is why the pluralist philosophy is nowadays more important than ever.

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The political economy of inequality indexes or why the Theil index is, from a political economy point of view, superior to the Gini index.

By [Merijn Knibbe](#)

Would we still try to smell the roses if they had no name at all?

How to map inequality? Which metrics should be used to do this? Economists often use the Gini-index as the inequality metric of choice. The index clearly is useful. It enables us to calculate standardized rates of inequality of income and wealth which enables historical and international comparisons. [Using the size of houses](#) it even proved possible to estimate changes in inequality stretching back thousands of years: *“Comparing the size of dwellings at archaeological ruins, researchers found increasing wealth inequality over thousands of years. Technology accelerates the trend, first in the Old World and then in the New. For each site the experts calculated the Gini coefficient”*. The index is also routinely calculated and published by organizations like the [Worldbank](#), the [OECD](#) and [Eurostat](#). And while the IMF does not seem to publish them, the index is often used in their papers on inequality (look [here](#)). The Gini-index clearly enables us to make inequality visible. Inequality is acknowledged, measured and analyzed. A good thing. But: should the Gini-index be the economists’ metric of choice? Below, I will argue that the Gini index has a fundamental flaw while an analytically superior metric exists.

The very nature of the Gini-index obfuscates the social and economic structures and differences underneath inequality. It enables us to look at inequality of society *as a whole* but it does not enable inequality measurements consistent with an analysis of the political and economic delineations contributing to inequality. To state this differently: when one calculates a Gini index it does matter how many people are rich or poor and how rich or poor they are. But it does not matter if the poor and the rich are laborers, small farmers, CEO’s, black or white or whatever. As such, the index is somewhat related to the ‘representative consumer’ of old style DSGE models. On an analytical meta level inequality is, using the Gini-index, a characteristic of this ‘representative consumer’. It’s a society without social or economic class differences. Or gender or ethnic differences. Or a combination thereof. The difference between the employed and the unemployed does not matter and neither do differences in education. It is, of course, possible to include such differences in the analysis of (changes in) the Gini-index. But such analyses always strike me as somewhat ad-hoc as there is no direct arithmetical or operational relation between (changes in) these explaining variables used and the metric itself. Ideally, when one

(using Ricardian framework) looks at differences between landlords and renters or (using a Marxist or, to be more precise, ‘classical’ framework) looking at differences between laborers, capital owners and CEO’s one would like to have a metric which shows the contributions of these analytical ‘variables’ to (changes in) total inequality. The Gini-index excludes such an analysis. Or as an anonymous referee (not for this article) stated, Political Economy:

“had a clear sense of social conflict and stratification and was focused on the distribution of economic product and the surplus; later bastardisation of CPE in the mainstream led to the basic idea that a well-functioning economy is an engine of harmonious growth. Inequality ceases to be a main consideration in this context”.

Branco Milanovic [has comparable ideas, relating this to a kind of Zeitgeist](#):

“Political economy stopped looking at social inequality through the lens of class, which it did from Quesnay through Adam Smith and Ricardo all the way to Marx. It did so precisely around the same time as classical novel disappeared. It was Pareto at the turn of the 20th century who introduced for the first time, studying fiscal data from a number of German and Italian cities and states, interpersonal income inequality. From Pareto onward, we ceased to deal with capitalists, workers, and landlords; we began to deal with individuals, some rich, others poor. The class analysis was definitely pushed out, so much so that in the second half of the 20th century, especially in the United States, even the mention of class in an economic paper would immediately classify you as an unreconstructed Marxist. ... It dawned on me that this was not a coincidence: the death of the classical novel, the dissolution of the class structure of the bourgeois society, and the end of a political economy where the subjects were classes in favor of “agents” might have all been related.... But now as the importance of capital incomes increases, and capitalist societies grow increasingly stratified, with the rich attempting to confer and transmit all the advantages to their offspring, may not both the class analysis in economics and the classical novel make a comeback?”

It might be added that the eradication of class and the distribution of wealth from neoclassical economics wasn’t just a question of Zeitgeist but also a deliberate strategy of landowners which subsidized endeavors to eradicate Georgism from intellectual discourse in a fundamental way. [In the words of Mason Gaffney](#): *“The stragem was semantic: to destroy the very words in which he expressed himself.”* Inequality, property, land, class – it

all disappeared from economic discourse. Using the Gini-index, which disables class or property based arithmetic, fits in such a strategy. It shows the existence of inequality. But it renders the class structure of inequality invisible.

There are alternatives. For one, the Theil index of inequality enables us to change this. Contrary to the Gini-index, the Theil inequality index enables us to directly tie estimates of inequality to the class and ownership structure of a society. As such, it's an indispensable tool for the political economist, requiring a-priori knowledge of political economic theory but also an inductive reading of the sources and the situation. When one has micro data based on individual households or persons including data on class (or gender or race or all of these) a Theil index can be split into 'baby-Theils' (which in their turn can be split into baby-baby Theils...) which show inequality *within* a particular class *as well as* between classes. This makes it possible to measure and map the contribution of changes between the size of classes, changes in average income between classes and changes of inequality within classes to (changes in) total Theil-inequality. A proper analysis of course still requires a full-fledged historical analysis of the political history of changes in property relations (look [here](#) for historical work by Bas van Bavel and [here](#) for a technical description of how to construct such indices by Pedro Conceicao and James Galbraith). But there are at least precise estimates which have to be explained.

As an example (sorry, I'm an economic historian): a Theil decomposition of wealth inequality in Friesland, 1749, the oligarchs obtaining their wealth from land as well as from political positions based upon land ownership (a quite Ricardian society):

Table 1. A decomposition of Theil inequality for Friesland in 1749 according to socio-economic class.

Source: Knibbe, M. 'Van Bavel in Friesland. An inquiry into the relation between economic development, measured wealth inequality and the rise of oligarchy in Friesland in the seventeenth and eighteenth century'. In progress.

As can be seen, the 112 'oligarchs' (members of a limited number of families which increasingly monopolized lucrative jobs in the government, including the top of the army) contributed quite a lot to total inequality, partly because of intergroup inequality but to a much larger extent because of the difference between their average wealth and average wealth of the rest of the society. The group 'all others' consists of pastors, lots of craftsmen, small and large traders, shell gatherers in coastal cities and the like. Clearly, as the 'oligarchs' not only monopolized government jobs but also owned quite some land, this still was a quite Ricardian society. Taking the 'novel' approach mentioned by Milanovic: Friesland resembled the countryside as depicted in *Great Expectations* from Dickens quite a bit, including the fog, cows and the lime kilns and Miss Havisham being a descendant of a family of large traders.

The point: based upon the situation the researcher can specify specific groups (classes, gender, race or even a combination of these) to construct 'baby-Theils' which enables a precise measurement of within and between group inequality to total inequality. Ideally, this table should be compared with tables from other periods, mapping changes in inequality and changes in within and between group inequality (hey: work in progress!). This re-introduces class and power in economic analysis, class in this case used in the classical, economic sense. As

	N	% Share in households	% Share in wealth	Average wealth of subsector as part of average wealth of total population	Within subsector contribution to total Theil inequality	Between subsectors contribution to total Theil inequality	Total Theil inequality
Oligarchs	112	1	20	24.5	0.1	0.6	0.7
Pensioned and injured soldiers	159	1	00	0.1	0.0	0.0	0.0
Laborers	2891	21	03	0.1	0.0	-0.1	0.0
Poor	1519	11	01	0.1	0.0	0.0	0.0
Farmers	2369	17	18	1.0	0.1	0.0	0.1
army	331	02	02	0.7	0.0	0.0	0.0
All others	6334	46	57	1.2	0.8	0.1	0.9
	13715					Total Theil inequality	1.7

such, the Theil index is a flexible tool which enables us to move away from single agent models. To do this however requires a thorough and broad knowledge of theory as the researcher has to be able to gauge which specification of the groups not only squares with the questions asked but also with the stratification of the society. But it will enable us to break the bounds of neoclassical economics and return to the political economy roots of the science of economics.

A semantic issue: 'class' as used by 'classical' economists has clear economic delineations: 'where does one's income originate from'. This makes it quite another

concept than the 'bourgeois' conception of class based upon a mixture of education, your inherited cultural background and occupation and the height as opposed to the origin of your income. Semantics are a thing. Especially in science. Remarkably, the classical distinction, eradicated by neoclassical models, can nowadays also be found in some neoclassical (or should I call these 'neo-neoclassical') models, more specific [some of the HANK \(Heterogenous Agent Neo Keynesian\) models](#) which also use capitalists and laborers as classes. Zeitgeist?

Interview on territorial development and on Italy with Professor Silvio Goglio

By **Mitja Stefancic**

Silvio Goglio has taught Political Economy at the University of Trento, Italy, since 1976, becoming associate professor in 1985. He has also conducted research on regional development at the Department of Geography of Durham University, at the Institute of Economics of the Hungarian Academy of Science in Budapest, at the Centre d'Estudis Planificació in Barcelona, and at the Italian American Institute of the City University in New York. He is the coordinator of the Cooperation and local development research at the European research institute on cooperative and social enterprises (Euricse), based in Trento.



How did you start your career as a researcher in the academia in the early days?

I graduated in 1971 with a dissertation on the Cost-benefit analysis and Welfare economics. In 1972 I obtained a Masters' degree in economic policy under the tutorship of Giorgio Fuà, who helped me realising the complexity of issues related to development and the significance of territorial variables in such development. I should recall that Giorgio Fuà was one of the most prolific Italian economists in the field of developmental economics. He believed that a respectful economist is always useful to the society and hence his successful engagement in training young scholars. Thanks to Professor Fuà I understood the importance of applying a pragmatic approach to research, using any kind of analytical instruments to get a full grasp on a given socio-economic reality and so to further promote its development.

Perhaps as a reaction to the general Italian political and academic climate of that time, I was for some time quite convinced that economic and social systems could be captured and explained through equations and with the modelling of statistical data. Furthermore, I successfully completed a Masters on statistical methods and sociometry at the City University in New York. Nevertheless, I soon real-

ized that such approach seemed reductive to me due to the fact that it was not capable to fully capture the complexity of economic and social interactions. For this reason, I decided to focus my research interests not that much on a discipline or a method as rather on an object of study: that is, on development and the territory.

What topics did you focus on afterwards, when you became a professional researcher?

This new interest in a research topic, which I tend to define simply as territorial development, enabled me to better understand different fields of research: development theory, industrial economics, business economics, institutional analysis, local financial systems and, in particular, cooperative finance. I felt that the topic at the core of my research had to be analysed from a number of complementary points of view: in fact, an approach focusing simply on variables specific to a single discipline was potentially misleading in terms of understanding the problem politically and, even more, in terms of subsequent policies to solve the issues.

In pursuing my academic research, I found economic history particularly useful, and certainly more insightful in comparison to standard econometric models – very sophisticated yet restricted to a certain area of study and generally unable to provide a larger picture on the topic under investigation. Therefore, I embarked on a study of heterodox intellectuals, such as Joseph Schumpeter, Karl Polanyi, Albert Hirschman, Moses Abramovitz, Douglass North, Fernand Braudel – all of which could be classified as polymath intellectuals. None of them could be classified as an economist in strict terms. Let me explain this a bit further: they made an attempt to get a deeper understanding of the reality rather than designing economic instruments for their own purpose. In doing so, they became difficult to classify.

By looking at their examples, I made a break with my past, given the fact that at the beginning I was influenced

by Walras and the general economic equilibrium. I realized that the object of study comes first and only subsequently come the research instruments, not the other way round (which is, in my opinion, a common way of doing economic research nowadays). Or perhaps I should say that I simply realized that focusing on economic complexity was what stimulated me the most.

You are an expert on cooperative finance and cooperative banks. What is your point of view on such banks?

It appears that cooperative banks are currently a partial “failure”, particularly considering that they should provide a model of alternative finance. Their failure can be observed both from a conceptual and from an operational point of view. I believe that this is so for two main reasons: *on the one hand* due to their “necessary” adaptation to the institutional and economic framework in which they operate; and, *on the other hand*, due to the persisting lack of creativity within the cooperative movement and, in particular, in cooperative finance (with all the subsequent shortcomings and undesired outcomes). In general, during the last few decades the cooperative movements have not showed the ability to find the right ways to make some steps forward while preserving their core values.

What is missing to most cooperative banks in Italy and elsewhere is a vision of the future with the ability to tackle the issues in an innovative way. Among cooperative bankers there is a widespread tendency to refer to old instruments, behaving as if nothing has changed so far either in economic or in social terms. As a consequence, one should question the preparedness and the skills of leading representatives in cooperative finance. Most of the time those who possess the skills required to manage things adequately and innovatively are standard bank managers rather than true representatives of the cooperative movements.

The workshop that each year we run at the [Euricse Institute](#) in Trento, Italy, is perhaps the only academic meeting on cooperative finance that managed to create and keep an international network of scholars devoted to this research topic. On the other hand, however, the workshop perhaps wasn’t successful enough in overcoming the traditional cooperative concepts and the usual cooperative models. In

this sense, there is still room for improvement. Furthermore, cooperative banks (as well as the entire cooperative movement more generally) have not showed any interest in the initiative, just as usually happens when it comes to either pursuing or promoting any related research activity. This is currently a strong limitation of cooperative banks.

Finally, could I ask for your point of view on the economic situation in Italy?

Similarly as is the case with the Italian politics, the Italian economy suffers from a substantial problem: metaphorically speaking, the troopers are narrowly focused and the intermediary officers are solid, but the high officers are simply unprepared and, as such, inefficient: in many areas of Italy we are experiencing an adverse selection. There is a severe shortage of leaders who should be able to take essential yet unpopular decisions, which are in turn essential for undertaking reforms. No one is willing to design ambitious development strategies. Instead, the dominant logic is to pursue tactics to either gain new power or maintain established power relations.

The interest groups with power are in a dominant position in Italy and this prevents innovation from occurring – particularly when it comes to innovation at the institutional level. This, in turn, prevents other types of innovation from taking place. As a consequence, Italy is lagging behind, losing each day competitiveness on an international scale. The risk is that a country which is rich in human capital, culture and environmental resources will find itself in a position where others will take strategic decisions for it. I should point out that this is not a novelty in Italian history: it already happened in the past centuries.

Unfortunately, not only the state, but also private individuals and firms in Italy have only a short vision of the country’s economic development, living on tactics rather than pursuing sensible, long-term strategies. Such an attitude results in being a hindrance for basic investments in research and in human capital, and this happens at all levels. As a result, Italy is experiencing a shortage of both public and private investment plans. Metaphorically speaking, this is a world of Epimetheus, not of Prometheus. All this comes at the expense of the future generations.

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