

What Is the Truth About the Great Recession and Increasing Inequality?

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What Is the Truth About the Great Recession and Increasing Inequality?

Dialogues on Disputed Issues
and Conflicting Theories

 Springer

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About this Book

An anthropology student and three economists meet at an airport. They are waiting in a departure lounge; their flight grounded by fog. The student, who knows very little about economics, asks her three travelling companions a series of questions about increasing inequality, cutbacks to welfare systems, crisis management policies, the euro, environmental degradation and industrial policies enacted in the face of globalisation. This is a rather lucky coincidence because nowadays it is rare for economists with different theoretical positions to be willing to engage in direct discussion with each other.

The protagonists debate the consequences of neoliberal economic policies that are based on the idea of efficient, self-regulating markets and that have been implemented over the last 30 years across the world by both right-wing and left-wing politicians. The deep recession which followed the 2007–2008 financial crash has shown the fatal consequences of these policies and has encouraged the development of alternative visions. The economic implications of these different visions emerge clearly in the discussions.

In their answers to the student's questions, the three economists are obliged to avoid their usual abstract and specialist jargon. This makes the discussion comprehensible to the reader who is not an economist but aims to get to the truth of the causes of recent economic events that have affected all of us, and that are often difficult to understand because of the mystification created by the use of jargon and political posturing.

Unlike most other writings on the Great Recession, the dialogue form has an advantage, in the words of Galileo, it 'presents the arguments ... as much

from one side as from the other',¹ highlighting the weak points of theories under discussions.

These nine dialogues have been used in public readings² but can also be used to complement textbooks on macroeconomics and economic policy which usually omit, or else touch upon, very superficially, the theme of the recent economic crisis.

The first dialogue is about the sharply rising inequality over the last three decades within most advanced economies. The second dialogue discusses speculative bubbles and why economists did not predict the crash of 2007–2008. The third one concerns the policies of fiscal austerity and addresses the point that in macroeconomics, as in physics, nothing is what it may seem at first sight. The fourth one deals with the consequences of rolling back welfare systems. The fifth dialogue explores the roles of the state and markets. The sixth one discusses the economic consequences of the very considerable German trade surplus and the euro crisis. The seventh dialogue addresses the policies enacted to confront the crisis. The eighth one deals with the problem of environmental degradation. The last dialogue discusses the need to implement an industrial policy that favours innovation and safeguards the environment.

The dialogues can be read in any order according to the reader's interests. At the end of each chapter, there are notes that give references to sources and suggestions for further reading. Definitions of the main economic concepts that are discussed in the dialogues are found in the Glossary.

Notes

1. The quotation is taken from the subtitle of the famous *Dialogue* by Galilei (1632 in 1914).
2. Theatrical readings were presented in Catania University (June 2016), Genova University (November 2016) and Pisa University (May 2017).

Reference

Galilei, G. (1632). *Dialogo sopra i due massimi sistemi del mondo tolemaico, e copernicano; proponendo indeterminatamente le ragioni filosofiche, e naturali tanto per l'una, quanto per l'altra parte*. Firenze: Gianbattista Landini, (1914). English edition: Galilei, G. (1914). *Dialogues concerning two new sciences* (trans: de Salvio, A., Crew, H.). New York: Macmillan.

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