

Inequality and Growth: Exploring a Relational Dimension

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In recent years, inequality has increased in some parts of the world. This phenomenon that has been experienced both in developed and developing countries alike. As a consequence, inequality and its drivers, as well as what to do about it, have become highly debated issues by policymakers and researchers alike. In an attempt to formalize and test the effects of inequality on growth, a vast body of literature on the theoretical and empirical aspects of inequality has been generated. The inter-personal relational dimension of any economic activity typically is not considered in these studies, albeit evidence seems to highlight its importance. This paper seeks to fill this gap by bringing into the analysis of inequality and growth, this inter-personal relational dimension and the consequence that this has for economic policy.