



# Introduction: Advancing Stratification Economics — methodological perspectives and policy applications

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Published online: 16 September 2022

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At the 2020 Annual Conference of the European Association for Evolutionary Political Economy (EAEPE), we organized a special session on Stratification Economics. Our intention was to expand our understanding of persistent social and economic inequality. The mainstream approach to theorizing inequality in economics focuses on individual choice and irrational discrimination. Stratification Economics (henceforth ‘SE’) differs from this view in its interdisciplinary approach to studying persistent group-based inequality, particularly along the lines of identity categories such as class, caste, race, ethnicity, gender, and their intersections.

Given the interest in, and success of, the conference meeting, we organized this special issue of the *Review of Evolutionary Political Economy (REPE)*. At the end of 2020, we sent out a call for papers in which we stated the following goals for the special issue: ‘to develop stratification economics to address pressing questions and problems concerning inequality, and to subject economic inequality to scrutiny from methodological and philosophical perspectives.’ We also explicitly called for papers that ‘evaluate the potential of policies advocated by stratification economists, such as reparations,’ and those that study ‘the general policy relevance of stratification economics.’ Finally, we asked for papers that consider answers to questions like, ‘*what are the visible and hidden forms of inequality and what are the mechanisms behind them?*’; ‘*how does social stratification display itself at work, in education, housing, and other walks of life?*’; and ‘*how do various schools of economic thought conceptualize, problematize, and understand inequalities across individuals and groups, and how can stratification*

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*economics go beyond what we already know?*' The seven papers in this special issue comprise the selected contributions to these topics and questions.

We received 30 abstracts in response to our call. In selecting which proposals we wanted to invite to submit a full paper, we considered the initial goals as stated in the call for papers. In particular, we were looking for papers that followed and advanced SE; for papers that were interdisciplinary in nature, integrating economics, sociology, and social psychology; and for papers which paid close attention to the structural and institutional aspects of inequality. Two-thirds of the abstracts submitted promised to adhere to most of our criteria. We thus invited, received, and reviewed 20 full papers for this special issue. The selection process from that point on was determined by the comments of external reviewers, most of whom are prominent stratification scholars. The constraints of the word count allowed in this issue imposed another criterion. We received many more excellent and interesting papers than we could accept, and we had to urge authors to condense their initial submissions to allow space for as many voices, perspectives, and contributions as possible.

We received a number of papers that took on the framework of SE, but that were ultimately *applications* of SE thinking. Such papers are linked to, but quite distinct from, conceptual engagements and breakthroughs. So, we published those three papers as a separate symposium on SE (Burnazoglu et al. 2022).

The present special issue joins the conversation about SE and brings it to a European audience. However, even in the USA and in mainstream journals, SE has struggled to find a strong footing. A pioneering scholar and leader in the field, William A. Darity Jr. (2022: p. 2), explains this state of marginalization:

It has been difficult to gain formal professional recognition of Stratification Economics as a subfield. When Gregory Price and I sought an American Economic Association JEL code for the subfield, we were not rebuffed completely. However, Stratification Economics was relegated to the final catch-all area of the JEL classification scheme, “Z. Other Special Topics.” Next, it was buried under “Z1. Cultural Economics, Economic Sociology, and Economic Anthropology,” despite the fact that Stratification Economics rejects cultural determinism and despite the fact that stratification economics is not a subdivision of either sociology or anthropology, although influenced by both. Further, under Z1, it was assigned the following specific category: “Z13. Economic Sociology, Economic Anthropology, Language, Social and Economic Stratification”. The use of the terminology “economic stratification,” rather than stratification economics, signals the subfield belongs properly to disciplines outside of economics. In short, the JEL classification system treats stratification economics as an appendage spilling over from other disciplines, especially sociology and anthropology. This contrasts sharply with the classification of other subfields like behavioral economics, industrial organization, history of economic thought, economic history, law and economics, and international economics under the JEL coding system.

In this context, we are pleased to provide a platform for SE to strengthen its footing as a subfield and also bring it to the journal of a European Association.

The lead paper for this special issue is authored by the field's pioneers: Patrick L. Mason, James B. Stewart, and William A. Darity Jr. The paper takes on one of the core challenges in our call for papers: looking for explorations of the policy relevance and policy implications of SE. The authors provide an overview of the nature of SE, stressing that, whether in terms of history, methodologies, or economics, SE not only engages with, but significantly extends, evolutionary and institutional political economy. To demonstrate this key point, the paper considers a range of policies, many of which are advocated by institutional economists. Through the use of a series of simulations and evolutionary game theory, Mason et al. find that none of them can substantially address the problem of 'racialized wealth gap'. However, the paper shows that a particular type of reparations, commonly advocated by stratification economists, offers much more promise to bridge the problem of persistent 'racialized wealth gap'.

In the next paper, John B. Davis continues the conversation about the theoretical and potential policy contributions of SE to our understanding of economic inequality. Davis observes that socio-economic stratification is widespread and persistent; what demands more attention is the construction of more effective ways to understand and explain this phenomenon. To this end, Davis provides a taxonomy that identifies micro-level mechanisms and macro-level processes as explanatory factors. Interlinked, these two institutions generate and maintain capability devaluation and capability deficits of the socially unembedded individual. This paper also reinforces existing works like 'Stratification Economics: A General Theory of Intergroup Inequality' developed by Darity et al. (2017). Arriving at similar conclusions from different paths suggests that SE is now a more mature school of political economy. It is, unlike mainstream economics, able to analyze socially embedded individuals as well as the institutions that create and recreate socio-economic stratification.

Along with the theoretical and policy-oriented pieces discussed, this special issue further contains five examples of how stratification works or is operationalized. One term to capture the main idea of the working of stratification is 'stratification traps' that are institutional mechanisms that produce and reproduce inequality. Three examples of stratification traps in this issue come from the US context.

In the first, Robert H. Scott, Kenneth Mitchell and Joseph Patten take up the point that education can be an equalizing opportunity. However, it can also be a force to maintain the present social hierarchy and exacerbate the wealth gap problem. This paper studies intergroup disparities among student loan borrowers in the USA. Using the most recent data from the Federal Reserve Bank of New York's Consumer Credit Panel and the Survey of Consumer Finances, the paper finds that the student loan debt system creates significant debt traps for many black and first-generation students by having lower college completion rates, defaulting more often on student loan debts, and gaining less of a wage premium from their college degrees and graduate degrees. The authors also extensively discuss policy solutions to address the debt crisis such as establishing federal trust funds like baby bonds suggested by Darrick Hamilton and William A. Darity Jr. (e.g., Hamilton and Darity Jr 2010).

Second, Jermaine Toney and Darrick Hamilton discuss the fact that familial networks can be important sources of support, while also contributing to aggregate inter-group wealth inequality. The paper explores how the black-white wealth gap

persists due to the family economic insecurity associated with transfers to relatives in need. Using panel data on US families, the paper documents that third-generation middle-income black families are disproportionately more likely to have relatives who face poverty, unemployment, and lower wealth in comparison to their white counterparts. It is particularly insightful in showing that the economic insecurity in the family tree is a larger contributor to the black-white wealth gap among middle-income earners than educational accumulation. These findings are crucial to challenge the American dream as a master narrative as well as the conventional wisdom that those who study and work hard would get good outcomes. They also re-emphasize the need to go beyond methodological individualism to understand persisting wealth gaps.

Jacob Jennings, Jacqueline Strenio and Iris Buder show a third stratification trap at work in the USA: occupational prestige. Economists have long been interested in shock effects; the COVID pandemic and the Great Recession have provided crucial cases for that. Stratification economists pay particular attention to the way in which diverse groups get affected differently by these shocks. Jennings et al. examine stratification in occupational prestige by race, ethnicity and gender in the USA prior to the COVID-19 pandemic. Utilizing American Time Use Survey data, they estimate occupational prestige scores by different population subgroups and highlight the role of the labour market in preserving the relative status of the dominant subgroups. They show that job inequalities existed prior to the pandemic and that the pandemic only exacerbated the unequal footing experienced by disadvantaged groups. This study is crucial to emphasize the established and unequal characteristics of labour markets that tend to fail a certain part of society.

Important for our understanding of social and economic inequality is recognizing that there is a large range of ways in which stratification occurs and recurs. The next paper in this issue by Ramya M. Vijaya and Naureen Bhullar is about the institutional context of Southern India, pointing to the exploitation of 'ideal identities' created and reproduced by capitalist corporate agents. Both national and transnational corporations invest in and make substantial profit from selling skin whitening products in much of Africa and Asia. The subtle, but settled, message in the marketing strategies of these corporations is not simply that whiter and lighter skin is 'beautiful,' but also that whitening the skin is a sure pass to 'moving up' the class or caste ladder. For years, this issue has brought in billions of profits. Using SE as a new framework to examine such claims, Vijaya & Bhullar 'did not find a statistically significant bias in favor of resumes paired with lighter skinned photographs. Overall, participants tended to evaluate both lighter skinned and darker skinned candidates similarly.' Stratification in India is real, whether in terms of race or caste, usually both. But stratification is not reducible to colorism or to skin whitening. As importantly, 'passing' is not a panacea to fill the racial wealth gap.

Finally, the contribution by Ilyess El Karouni proposes a theoretical framework to advance SE and one by which all of the other papers in this issue can be understood. El Karouni uses the idea of subalternity, meaning the state of being subaltern or 'lower' in some way, to apply to the workings of economic stratification. The author points out that subalterns are those who endure structural violence (Galtung Johan 1969, 1990) and explains the role of structural violence in producing subalternity.

This concept helps to clarify what deprives people of their agency. It further assists us to unfold the multidimensional nature of stratification; the entangling of violent mechanisms categorizing people into subalterns, or in other words its intersectionality. El Karouni illustrates these sorting mechanisms in the second empirical half of his article discussing particular subordinating effects in France of physical and sexual violence against women; class-based disparities in terms of access to education; and discriminatory barriers to entering the labour market and higher-ranking careers.

Together, these papers make a strong case for studying the centrality of identity-based structural inequalities. They go beyond what mainstream economists have, thus far, been able to provide. Stratification economics does not offer only the framework to see, study and understand, but also provides the tools to change the variety of persistent inequalities and their driving mechanisms, in the past, at present, and in the future. Institutional and evolutionary economics is clearly alive and flourishing. The proof is the rise of stratification economics as a new field of political economy.

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