The killing fields of inequality

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"Increasing social distance between the poorest and the richest diminishes social cohesion, which in turn means more collective problems and fewer resources for solving all our other collective problems." Göran Therborn on why inequality matters.

There are three main ways of distinguishing between difference and inequality. First, a difference may be horizontal, without anything or anybody being higher or lower, better or worse, whereas an inequality is always vertical, or involves ranking. Secondly, differences are matters of taste and/or of categorisation only. An inequality, on the other hand, is not just a categorisation; it is something that violates a moral norm of equality among human beings. (To argue this is not to presuppose any norm of complete equality, but to point to a difference that is too big and/or has an undeserved direction, i.e. the wrong people getting the best rewards.) Thirdly, for a difference to become an inequality it must also be abolishable. The greater physical prowess of the average 20-year-old in comparison with the average 60-year-old is not an inequality. But the different social life-chances of women as compared to men, or of black working-class boys in comparison with white bankers boys, have come to be seen as inequalities. In one sentence: inequalities are avoidable, morally unjustified, hierarchical differences.

There are (at least) three fundamentally different kinds of inequality, and all of them are destructive of human lives and of human societies.

There is inequality of health and death, which we may call vital inequality. True, we are all mortal and physically vulnerable, and in some sense our life-tree is decided by some inscrutable lottery. However, hard evidence is piling up that health and longevity are distributed with clearly visible social patterns. Children in poor countries and poor classes die more often before the age of one, and between the age of one and five, than children in rich countries and rich classes. Low-status people in Britain die more often before retirement age than high-status people, and if they survive have shorter lives in retirement. A retired British male bank or insurance employee, for instance, can look forward to seven to eight more years of retirement life than a retired employee of Whitbread or Tesco (Financial Times, 20/21.10.07). Vital inequality, which we can measure relatively easily through life expectancy and survival rates, is literally destroying millions of human lives in the world every year.
Existential inequality hits you as a person. It restricts the freedom of action of certain categories of persons, for instance of women in public spaces and spheres, as in Victorian and Edwardian Britain, and as in some countries still today. Existential inequality means denial of (equal) recognition and respect, and is a potent generator of humiliations, for black people, (Amer-)Indians, women in patriarchal societies, poor immigrants, low castes and stigmatised ethnic groups. It is important to note here that existential inequality does not only take the form of blatant discrimination; it also operates effectively through more subtle status hierarchies.

Thirdly, there is material or resource inequality, meaning that human actors have very different resources to draw upon. We can distinguish two aspects here. The first is inequality of access – to education, career tracks and social contacts, to what is called “social capital”. In conventional mainstream discussions this aspect is often referred to as “inequality of opportunity”. The second is inequality of rewards, often referred to as inequality of outcome. This is the most frequently used measure of inequality – the distribution of income, sometimes also of wealth.

These three kinds of inequality interact with and influence each other. But it is useful to distinguish between them because, as well as having different types of effects on people, the different kinds of inequality have different trajectories in different periods – which means that they are governed by different causal mechanisms.

Inequality can be produced in four basic ways. First there is distantiation – some people are running ahead and/or others falling behind. Secondly there is the mechanism of exclusion – through which a barrier is erected making it impossible, or at least more difficult, for certain categories of people to access a good life. Thirdly, the institutions of hierarchy mean that societies and organisations are constituted as ladders, with some people perched on top and others below. Finally, there is exploitation, in which the riches of the rich derive from the toil and the subjection of the poor and the disadvantaged.

The historical importance of these mechanisms in generating the configuration of the modern world is hotly disputed. Are current inequalities primarily a product of North Atlantic nations forging ahead, through scientific and industrial innovations? Or are they rather an effect of exclusion, for example the British empire’s hindering of Indian industry from developing? Did the “modern world system” after 1500 spawn a world hierarchy of a core, a semi-periphery, and periphery? Or was the rise of the West mainly driven by armed exploitation, by the plunder of American metals, by plantation slavery, and by forced and underpaid commodity production in the South? The debate remains unfinished, both because of the ambiguity of the evidence – there is empirical support for all four mechanisms, but it is difficult to weigh them in relation to each other – and because of the high moral historical stakes involved.

In this article, however, we shall look into the ways in which current inequalities are being produced.

Exploitation

Exploitation is not the direct cause in the case of vital inequality – the health of the healthy is not based upon the disease and death of others. But there is a clearly
discernible path from the exploitation of workers in risky and unhealthy jobs for profit to inequality of health and life expectancy. For example mining in South Africa, China and the Ukraine, and, more generally, factory work in the “Special Economic Zones” all over the world, are notorious for the deleterious effects they have on life and health. But this is only part of the picture. Chinese men have the same life expectancy as Poles, and live eight years longer than less industrialised Indians.

Existential inequality in the form of exploitative patriarchy has in general been on radical retreat in the world in the last three decades, even if occasionally hitting back, as in Afghanistan from the time of the anti-Communist jihad in the 1980s and thereafter. But, for example, the widespread West Asian notion, very strong in Chechnya, Kurdistan and Afghanistan, that a man’s honour depends on the subordination and seclusion of his sisters, his wife (or wives), his daughters and his mother remains a generator of this form of inequality for many.

If you are not convinced of the labour theory of value, it is difficult to say how much economic inequality is due to capitalist exploitation. The drastic increase of income inequality in China recently, now much larger than in India or in Russia, is clearly significantly related to the capitalist use of cheap labour. But the increasing gap between Africa and the rest of the world is not caused by Africa being increasingly exploited. Nor can much of the widening gap between rich and poor in the US and UK be attributed to the increasing exploitation of workers, although the massive influx of cheap immigrant labour into the US has generated a polarised labour market, including the return of a servants” class, or “service class”, serving a so-called “creative class”.

Exploitation – the most repulsive generator of inequality – can thus be seen as a significant driver of inequality in today’s world, but it is not the major force.

**Hierarchy**

Overt hierarchy has been the object of attack by management gurus for quite some time now, and many organisations have been “flattened”. Historically, rights of subordinates have been strengthened, including rights of collective representation – in continental European public and private management, and more widely in educational establishments. Against this trend, the countervailing powers of trade unions are generally declining.

The main point, however, is that even when organisational pyramids are flattened, organisations and societies at large are permeated by subtle hierarchies of social status. Through the unequal allocation of recognition and respect, the existence of different degrees of freedom to act, and the effects of hierarchies of self-respect and self-confidence, social-status hierarchies appear to be a major underlying reason for persistent inequalities of health and life expectancy. Social hierarchies produce existential inequality, which in turn has serious psychosomatic consequences.

Although there was substantial income equalisation in countries such as the UK in the course of the twentieth century, class differentials of life expectancy have widened, particularly among men. In 1910-12 an unskilled manual worker in England and Wales had a 61 per cent greater risk of dying between the age of 20 and 44 than a professional
man. In 1991-93 the extra risk of early adult death had risen to 186 per cent. For a semi-skilled worker the extra mortality risk was 6 per cent before the first world war and 76 per cent in the early 1990s. [1] The hardest evidence for the lethal effects of status hierarchies is probably Sir Michael Marmot’s study of 18,000 Whitehall civil servants. [2] For this group of workers the risk of early death closely followed the office hierarchy. During the 25 years of study – after age, smoking, blood pressure, cholesterol concentration and a few other such factors had been controlled for – coronary heart disease killed 50 per cent more of those at the bottom of the hierarchy than those at the top (p45).

Exclusion

Barriers of exclusion have generally been lowered in the world in the last fifty years, though here too the picture is mixed. Exclusion of women from public space, from labour markets, and career ladders, has lessened in many parts of the world. Racism has become widely discredited; and the dismantling of South African apartheid, as well as the election of a Dalit state Prime Minister in India and an Afro-American President in the USA, are important landmarks. “First Nations” of the Americas are finally being included into the national polities, including the recent achievement of winning their democratically deserved central place in Bolivia. The late twentieth century return to the mass migration of one hundred years before also means more inclusion. And regaining national sovereignty after the Second World War ended the exclusion of China and India from possibilities of development. Between 1913 and 1950 the rate of economic growth in China and India was approximately zero. But between 1950 and 1973 Chinese growth was 4.9 per cent a year, and India’s 3.5 per cent. [3] In recent decades, access to the US market has been a major engine of East Asian growth and of global equalisation.

However, though lowered, exclusion remains a major feature of the contemporary world, divided as it is into exclusive nation-states, each with its specific rights for citizens only. And there are also other excluding processes at work, including widespread trade protectionism, for example American cotton protectionism, which hits poor countries of the African savannah. In the current crisis, though there is an official taboo on protectionism, national exclusivism is becoming more marked, as in “British jobs for British workers” and “Buy American”.

Distantiation

When it comes to the production of inequality through distantiation we are facing a paradox of our times. In a territorial sense, distances have shrunk enormously. Electronic communication and satellite transmission make it possible for the whole world to watch the Olympics or the Obama inauguration at the same time, and for friends in, say, China and Argentina or Mozambique and Canada to talk to each other on the phone. By email you can communicate with colleagues in Italy (hardly possible with Italian pre-electronic mail) as well as in Bangladesh. Existential distances, between “races” or ethnicities, and between men and women, have also decreased, as we noticed above. But income and vital distances are increasing, between different parts of the world and within many countries.

In the first half of the 1970s, the distance in life expectancy at birth between sub-Saharan...
Africa and high-income countries was 25.5 years; thirty years later it was thirty years. [4] In the UK the life expectancy gap between the rich and the poor has been increasing by 0.15 years annually since the 1980s. [5] Within metropolitan Glasgow the gap between males in Calton and in Lenzie is 28 years, larger than that between the UK and Africa in the 1970s. Glaswegians from Calton have a shorter life expectancy than Australian Aborigines. [6] Capitalist Russia and the rest of the former Soviet Union are also falling behind in life prospects. In the early 1970s – the period of Communist “stagnation” – the life expectancy gap in relation to high-income countries was 2.5 years; in the mid-2000s it is almost fifteen years. [7]

In 1973 GDP per capita in sub-Saharan Africa was about eight per cent of America’s. In 2005 it had dropped to 5 per cent (measured in terms of domestic purchasing power). [8] In the US, the share of total household income appropriated by the richest 1 per cent was 8 per cent in 1980 and 17 per cent in 2000. In the UK the richest 1 per cent leapt from receiving 6 per cent of all income in 1980 to taking about 12.5 per cent in 2000; [9] and income after tax for those in the 99th percentile was 10.2 times bigger than for those in the 10th percentile in 1997-98, but 12.8 times bigger in 2006-7. [10]

The gap in income between those at the top and the average worker is now much wider than it was in pre-modern times. In 1688 English baronets had an annual income about one hundred times higher than that of labourers and out-servants, and 230 times that of cottagers and paupers. In 2007-8, chief executives of the FTSE top 100 companies received remuneration 141 times higher than the median income of all full-time employees in the UK, and 236 times higher than those of people in “sales and customer service occupations”. [11]

Another angle from which to view the new economic distance is to look at the current world distribution of wealth. In March 2008, before the bubble burst, Forbes magazine listed 1125 billionaires in the world. Together they owned $4.4 trillion. That was almost the whole national income of 128 million Japanese, or a third of that of 302 million Americans. By March 2009 the billionaire numbers had decreased to 793, owning only $2.4 trillion – but that is still equal to the national income of France. [12]

Distantiation is the main road to increasing inequality today. It is the most subtle of mechanisms, the one most difficult to pin down morally and politically. Though its effects are highly visible in ostentatious consumption, it operates more through stealth than through assailable principles, or blatant violations of human rights. But distantiation is a mechanism or a channel of inequality; it is not a causal force. So what drives it? (It should be underlined at this point that distantiation is very rarely a product of extremely hard work or singular merit; it mainly results from windows of opportunity and networks of contact, or, conversely, from pre-given odds and social isolation.)

One reason for the growth in distance in vital inequality across the globe is that some countries have fallen behind. Sub-Saharan Africa has seen its life expectancy drop because of AIDS, which for reasons still not fully understood has hit Africa harder than any other area of the planet. Russia and the former Soviet Union, on the other hand, are victims of a ruthless restoration of capitalism, which has caused massive unemployment, economic insecurity, impoverishment and existential humiliation. Michael Marmot has estimated the death toll of capitalist restoration in Russia in the 1990s to be about four
million people. [13] Within rich countries such as the UK, the growing life expectancy gap seems to be more an outcome of the privileged moving ahead, perhaps because they are more open to healthy lifestyle campaigns, and are under less existential stress. It should be kept in mind, though, that Marmot’s Whitehall study showed that correlation of low status and premature death persisted after controls for smoking, cholesterol and other “lifestyle” indicators.

The global increase in income gap is again mainly an effect of Africa falling behind. But here the reasons are more obscure and contested than in the case of mortality. The continent is politically fragmented and logistically weakly connected, and is heavily dependent on international commodity markets that are outside its control; and the disruption of its political traditions by colonial partitions-turned-nation-states laid the basis for what have frequently become dysfunctional national polities, in many cases aggravated by cold war and “structural adjustment” interventions. The impoverishment of the former Soviet Union and the late twentieth-century crisis decades in Latin America have also added to the increasing distance between levels of income across the globe.

In contrast to these cases where people and countries are falling behind, the widening gap in intra-national income is driven mainly from the top – although in the US (but not in the UK, at least not until the year of 2006/7-2007/8, when British capitalism also impoverished the poor [14]) the soaring of the highest incomes in the last decade was also accompanied by a slow decline in the income of the poorest fifth of the population. That the top is now running ahead rather than the poor falling behind means that competition from low-wage countries is a minor component of the gap. Interestingly, the u-turn in income inequality is primarily an Anglo-Saxon phenomenon, most pronounced in the US, but also marked in Canada, the UK, Australia, and New Zealand. It cannot be described as a consequence of modern times, since it has not been so much of a trend in Germany, France, Netherlands, and Switzerland. [15]

What has driven the enormous widening of economic distances among people in the last decades? There seem to have been two major processes at work.

One is the extension of solvent markets, which has increased both the pool of rewards and the competition for “star talent”. A small business elite has been catapulted upwards, surfing on the soaring stock markets that were sustained by the lifting of controls on capital movements in the 1980s and the expansion of transnational investment, and profiting from the emergence of a global executive and professional market. A similar phenomenon has occurred in sports and entertainment (something that is increasingly discussed in apologetics for inequality); commercial television and satellite broadcasting have transformed the economics of sports and entertainment in general, while hugely expanded audiences widen the visibility and attraction of stars, augment the remuneration pool and increase profits. Entertainment capitalism and stardom symbiotically feed off each other.

The second factor was the trend towards the increased autonomy of financial capitalism from what is still called “the real economy”, a process particularly pronounced in Wall Street and the City and their other Anglo-Saxon emulators. In the last ten years this has turned capitalist finance into a gigantic gambling casino, which trades in currencies, “securities” and “derivatives”. The amount of nominal money involved has become
astronomical. In early March 2009 the Asian Development Bank estimated that in the current crisis the value of financial assets in the world had by then fallen by up to $50,000bn – which is a figure equal to the total value of the world product in 2007. [16] For as long as the balloon was ascending the losers were few, and unless you were caught doing something outright illegal you could be sure that you would be handsomely rewarded even if you lost. The bonus culture was rewarding immediate expansion, and was not bothered about later losses.

It is noteworthy that in the US and the UK, as finance was distancing itself from the rest of the economy, it was simultaneously moving closer to (admittedly very relative) left-of-centre politics. In the final stages of the 2008 US Presidential campaign, conservative columnist David Brooks noted sadly in the New York Times that investment bankers were 2:1 for Obama. In the UK, the Blair-Brown governments have been happily surrounded by sympathetic City bankers. What do the high gamblers and the New Democrats and New Labour have in common? A common contempt for industrial society, with its working-class collectivism and its bourgeois values of work, thrift, and restraint?

Inequality, so what?

OK, inequality is a fact, and increasing, so what? Does it matter if David Beckham earns much more than you do? (Tony Blair on one occasion appeared to offer this question as a cover for leaving income inequality untouched.)

My answer is that it does matter, because inequality is a violation of human rights; the invocation of celebrity pay is simply a smoke-screen.

Few people are likely to argue that a society which awards 28 fewer years of life to people in the most disadvantaged neighbourhood (Glasgow Calton) than to those in the most privileged ones (Glasgow Lenzie, London Kensington and Chelsea) is a decent society. Is it a vindication of the superiority of capitalism that male life expectancy in capitalist Russia is now seventeen years shorter than in Cuba? [17] Social status hierarchies are, literally, lethal. Why should those on the lowest rungs of the Whitehall ladder have a four times higher likelihood of dying before retirement age than those on the top rungs? The USA – the richest country on earth, and the most unequal among the rich countries – has the third highest rate of relative poverty of all the 30 OECD countries (after Mexico and Turkey). Such relative poverty means being excluded from many parts of the social and cultural life of your society. But the US also scores badly on absolute poverty rates: the poorest tenth of the US population has an income well below the average poor of the OECD; the income of this group in the US is lower than that of the poorest tenth in Greece. [18]

The transformation of capitalist finance into a huge global casino is what has created the current economic crisis, which has put hundreds of thousands out of employment and led to demands for billions of pounds of taxpayers’ money. In the South the world crisis is bringing more poverty, hunger, and death. The effects of run-away distantiation are no longer defensible – if they ever were – by reference to fans’ infatuation with their indulged stars.

The stretching social distance between the poorest and the richest diminishes social
cohesion, which in turn means more collective problems – such as crime and violence – and fewer resources for solving all our other collective problems, from national identity to climate change. Western Europe – east of the British Isles, west of Poland, and north of the Alps – is still the world’s least inegalitarian area, and has relatively high levels of social cohesion. For an experience of the full power of inequalities, you should look at the violence and fear of many South African and Latin American cities.

What is to be done?

While explicitly refusing the mantle of the politician or the prophet, there are a few things an expatriate scholar might venture to say.

Global inequality is to a large extent class and intra-state ethnic inequality. While overall income inequality is still governed by nation-state divisions, class and ethnic demarcations are cutting through them. As we learnt above, intra-Glasgow inequality of life expectancy in the 2000s superseded the gap between the UK and sub-Saharan Africa in the 1970s. Comparing international figures through the “top-to-bottom” ratio (the ratio between the top ten per cent and the bottom ten per cent of a given group), we see that the ratio between the richest and poorest 10 per cent of the world’s population in terms of average GDP per capita was 39 in 2005. However, large gaps exist within nations as well as between them. In Brazil the top-to-bottom ratio in 2005 was 48; in Chile it was 40; and in South Africa it was 33. [19] “Globalisation” is not a convincing excuse for inequality. Global equalisation requires that the popular, disadvantaged forces of the inegalitarian countries are strengthened.

There are mechanisms of equality – already tried and tested – as well as mechanisms of inequality. Thus rapprochement is the opposite of distantiation, whether this is achieved through catching up or by compensating for handicaps. China and India are catching up after regaining their national sovereignty around 1950 – arguably a more significant break with the past than the turn to state-guided capitalism in China from 1978 and to capitalist liberalisation in India from around 1990. Within countries, affirmative action in favour of scheduled castes and tribes in India, in favour of women from South Asia to the North Atlantic, and in favour of African-Americans in the US, have been significant in reducing inequalities.

Inclusion (as opposed to exclusion) has brought women into public space and labour markets in many parts of the globe. Recently it has changed the Creole coloniality of some of the Amerindian republics of Latin America, especially in Bolivia and Ecuador, though defeats have been suffered in Guatemala, Peru and elsewhere. But the issue of how to include the “First Nations” into the polity of the twenty-first century remains on the agenda, from Chile to Canada. The European Union has also made a contribution recently, through the inclusion of an impoverished eastern Europe into its area of prosperity.

In retrospect, the managerial moves away from hierarchy that began in the 1980s turn out to have led, in terms of income, to the vanishing of the middle, with a greater polarisation between top and bottom, rather than to have been a measure of equalisation. Gains from post-hierarchical informalisation can perhaps be expected, but hard evidence seems to be unavailable.
Redistribution and recompensation are also powerful tools for addressing inequality. Denmark and Sweden are the least income unequal countries of the world. [20] The Danish welfare state spends 28 per cent of GDP on social expenditure, the Swedish 31 per cent - while the UK spends 20 per cent. [21] Yet both Denmark and Sweden are heavily dependent on the world market: merchandise export makes up 35 per cent of Danish Gross National Income and 40 per cent of Swedish - compared to 17 per cent in the UK. Pro-marketeers will perhaps ask whether this equality and generosity is sustainable in the context of the world market. The irrefutable answer is yes. For many years the Scandinavian countries have scored well on competitiveness as well as on equality. They consistently appear at the top in the Davos World Economic Forum Global Competitiveness Reports (together with the USA and Switzerland). In the 2006-2008 editions, Denmark was ranked at no 3 in global competitiveness, and in 2007-8 Sweden was no 4, while New Labour Britain was at no 9, down from no 2 in 2006-7. [22]

While these composite rankings should always be taken with a pinch of salt by serious observers, the recurrent success of the Nordic welfare states on a world capitalist list (with Finland on rung 6 and oil-rich Norway on 16 among 131 countries) certainly means that generous, relatively egalitarian welfare states should not be seen as utopias or protected enclaves, but as highly competitive participants in the world market. In other words, even within the parameters of global capitalism there are many degrees of freedom for radical social alternatives. And the literally lethal effects of inequality make searching for them imperative.

Footnotes


5. A joint Bristol and Sheffield University study, reported on the BBC News 29.4.2005.


9. T. Piketty, "Top Incomes Over the Twentieth Century: A Summary of Main Findings", in A.B. Atkinson and T. Piketty (eds), Top Incomes over the Twentieth

11. Historical data from Maddison, op cit, table 5.9b; executive pay, IDS *Directors' Pay Report 2008*, www.incomesdata.co.uk; median earnings from ONS, C. Dobbs, *Patterns of pay: results of the Annual Survey of Hours and Earnings 1997 to 2008*. In fairness, it should be added that in 1688 the very top, the temporal lords, appropriated 400 times higher income than labourers.


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