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What is wrong with inequality?

Mark Vandevelde Author alerts

Have the over-mighty rich rewritten the rules to suit themselves? Or have the disaffected forgotten how rich they really are?

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Inequality and the 1 %, by Danny Dorling, *Verso, RRP£12.99/ $19.95, 240 pages*

The Rich: From Slaves to Super-Yachts: A 2000-Year History, by John Kampfner, *Little, Brown, RRP£25, 480 pages*

Billionaires: Reflections on the Upper Crust, by Darrell M West, *Brookings Institution, RRP£14.95/$21, 269 pages*

Capuchin monkeys seem to know what is wrong with inequality. Easily trained to do chores in return for food, they have been kept as home help by housebound quadriplegics. But one thing they will not abide is unfair pay. A capuchin might perform simple tasks for cucumber slices but if she sees a neighbour being rewarded with grapes for similar work, she will expect a raise. Keep paying cucumbers and she will throw the gratuity in your face.

Primatologists discovered the flame of justice flickering in simian hearts more than a decade ago, when many people still believed the outsize fortunes of the rich mattered little so long as everyone else had enough. Since then, the zeitgeist has caught up. Inequality looks increasingly malignant. Danny Dorling, a professor of human geography at Oxford university, reckons that across the world there were four times as many big demonstrations last year as in 2006, many inspired by the rising share claimed by the richest few.

The numbers are indeed stark. Since 1980 the share of total income received by the top 1 per cent of British earners has almost doubled, to about 13 per cent in 2011, reversing a three-decades-long trend towards greater equality. It was a similar story elsewhere in the west. This was easy to overlook in prosperous times, when an average wage bought a bit more every year and what it would not pay for could easily be had on credit. In the past six years, however, the purchasing power of the average UK wage has fallen by about one-tenth – and a chunk of what remains must cover the tab from past indulgences.

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The continuing debauchery of an invulnerable few has begun to rankle. An economic rift that had been widening for decades unleashed an avalanche of protest in 2011, when malcontents from Manhattan to Madrid heeded a global call to occupy the nearest locus of financial power. Yet their strident complaints were too easily dismissed as sour grapes. “We are the 99 per cent” was the chant in New

York's Zuccotti Park – but in fact they were a few thousand activists and, whatever the merits of their argument, many of their grievances (college tuition fees, student loan conditions, mortgage foreclosures) were the preoccupations of a thin stratum. Sympathetic observers saw Occupy Wall Street as a moral protest. But others saw a picket, and the vague demand that those more privileged than the picketers should give up their spoils.

Dorling's Inequality and the 1% takes up the task of distilling bitter sectional grievances into a clear case against inequality that might also persuade the enlightened rich. According to Dorling, the trouble is that inequality causes hardship. Give the wealthy too much rope and they will reel in still more money and power, unravelling the ties of social cohesion until a life of ordinary means is made threadbare. He presents evidence suggesting that in unequal societies people are less healthy, worse educated, less enfranchised, shorter lived and less happy than their more egalitarian peers.

This book is more polemical than the wonkish ones Dorling used to write, which had dreary titles but radiated insight about social change. He still has a knack for finding numbers that both sum up a trend and testify to the ensuing human plight. Charting the effect of inequality on health, he notes that in 2010 men in Glasgow (one of Britain's poorest cities) could expect to die on average 14 years younger than those in London's Royal Borough of Kensington and Chelsea. In the past, when economic divisions were sharper in Japan than America, it was the Japanese who died younger; now both facts have been turned on their head.

Wealth is no longer indistinguishable from political power. In democracies the rich are resented but they are no longer feared

If inequality is as deadly as Dorling suggests, he is surely correct to urge that "this, above all else, is why the money taken by the 1 per cent needs to be reduced". But rarely does he tell the whole story. True, the poor tend to die early – but Glaswegians die earlier than their poverty can explain. True, the Japanese started living longer after the second world war – but here he underplays the role of tuberculosis screening and other public health measures.

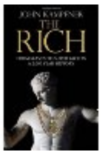
It was only in February that Dorling published his last book, *All That Is Solid*, about the British housing market. His new one reads like the work of a writer in a hurry and not much troubled by the chance he might be wrong. That is a pity, because he might not be wrong. We have much to learn from studying other countries' ideas about how to help their people thrive. But Dorling's reading of the evidence leaves one doubtful that he is the best guide to this terrain.

There is also a broader question about the approach that Dorling's book exemplifies. Statistics are an imperfect guide to social reality, and measures of inequality are especially blurry. The equality of citizens is an ideal worth defending. But it is not the same thing as equally distributed private wealth – which, for all the attention it receives, is probably an uninformative index of how economic institutions enlarge or diminish people's opportunities to thrive. It bears remembering that, when the British government started selling council houses to tenants in the 1980s, households that previously had few assets vaulted up the property ladder. Yet low-rent housing disappeared, and while the poor did not become poorer their lives became more precarious. Whether Britain became more "equal", in any sense worth wanting, is a question numbers alone cannot answer.

Statisticians shrink a complex picture to a single, telling point; John Kampfner has done the reverse. *The Rich* bursts with fascinating details about the lives of a colourful cast of ultra-wealthy characters, from the Roman general Marcus Licinius Crassus to the sheikhs and oligarchs of the present day. Kampfner's interest in this gilded world began while he was Moscow correspondent for the FT (he left the paper in 1998). Communism fell, some of the Muscovites Kampfner knew became rich, and he concluded that wealth was an intoxicant whose effects are constant through the ages. It makes people fearful and ruthless, and it distorts their vision until success and self-enrichment look the same.

Crassus was brazen in his desire for wealth. He was once acquitted of "criminal intimacy" with one of Rome's vestal virgins because the jurists thought him more likely to have coveted her property than her bed. A master of extortion, he sent slaves to burning buildings with instructions to douse the flames only if the owners sold up, amassing a fortune that would make him indispensable to the Roman elite. He raised armies, lent to the powerful, put roofs over senators' heads. Yet, longing for a place in history, he died in a military campaign he was unqualified to fight. The resulting power struggle between Julius Caesar and Pompey was the beginning of the Roman republic's undoing.

Mansa Musa also struggled to leave something behind. This 14th-century Malian king controlled an empire which, at its peak, produced two-thirds of the world's gold. Craving affection, he tried to give his riches away. It was a humiliating failure. So many gold coins were doled out during his pilgrimage to Mecca that the precious metal all but lost its worth, forcing him to borrow money for his passage home. (A second benefaction ended more happily: he founded the oasis city of Timbuktu, for two and a half centuries a prominent seat of culture and learning. It is a striking precursor to modern philanthropy.)



Kampfner's book is brimming with such treats. Yet he promises something more: a sweeping narrative that traces a lineage from the majesty of earlier ages to the oligarchs and tycoons of the present day. "The victory of the super-rich in the twenty-first century", he declares in the book's last sentence, "is a product of two thousand years of history". I am not so sure. Compare the story of Crassus with those of Bill Gates or Andrew Carnegie, and you notice a change in the meaning of wealth. It is no longer indistinguishable from political power. In democracies the rich are resented but they are no longer feared.

True, there are too many people who make out like bandits and use the loot to buy off the guards. Directors pay each other vast sums from the corporate coffers to which they hold the keys. Banks and financial markets are too often run for the benefit of insiders. What offends here is not the inequality but the villainy. Stopping it is difficult when the offenders wield money and influence; the same goes for organised crime. But it is a stretch to suggest that the sovereignty of citizens has been lost.

As Darrell West argues in *Billionaires*, the republican accomplishment might yet be eroded by concentrated wealth. Power may no longer be for sale but it is sometimes for rent, and that should make us queasy. A billionaire amputee called Peter Lewis spent freely on referendum campaigns to legalise marijuana in several states, after finding the drug helped him deal with pain. Religious groups opposed him but against the tens of millions Lewis spent, they could muster only the faint rattle of a collection tin. Michael Bloomberg spent $260m on his campaigns to become (and remain) mayor of New York; in 2009 alone, the cost was $184 for each vote cast in his favour. You can cheer the results and rue the methods. The wealthy don't always win but money talks – and sometimes it votes.

West, who worked at Brown University and is now at the Brookings Institution – both of which rely on wealthy donors – assures us the billionaires he knows personally have "respect for institutional independence". His warning is a measured one, which no democrat should ignore.

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Still, it is too soon to declare defeat. Bill Gates is America's richest person, yet his powers are feeble. Money has bought him a second career in charge of a public health initiative that he himself set up. Crassus, a man noted for putting down a rebellion of slaves, would probably not have considered this a triumph. Carnegie, too, turned to beneficence, at the end of an unscrupulous career. He had no choice if he was ever to exercise the power latent in his wealth. The parameters of social possibility have shifted. The rich have power but lack authority. Whatever they want, they must offer something in return – and if this is commonplace, it is also a marvel of modernity.

Before the crisis, many westerners assumed they lived in equitable societies. Now they know better. But a preoccupation with economic disparities is in its own way a comfortable delusion. Inequality is an alloy of something precious and something base: the excesses of wealth, and the desperation of poverty. Talking about inequality rather than deprivation allows those who are neither rich nor poor to place themselves among the victims. It can seem like a thin alibi.

Our elemental intuitions about fairness should not obscure deep social ills of which the rising take of the richest few may merely be a symptom. Nor should we imagine that responsibility for the moral stain of real, existing poverty lies with the super-rich alone.

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