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DOES INEQUALITY MATTER—FOR ITS OWN SAKE?

By Alan Ryan

I. Introduction

This is a simple essay. It raises a familiar question about equality, adduces a very small amount of empirical evidence about the social consequences of *equality* as distinct from *prosperity*, and broods on the difficulty of providing a really persuasive answer to the question raised. I begin with the view that there simply cannot be anything intrinsically wrong with inequality, move on to the view that there are extrinsic reasons for anxiety, dividing these into conceptual and empirical reasons, though without any great commitment to the clarity of that distinction in this context, and end with some reflections on recent social and political theory. The essay thus begins with what I hope are clear and (what I am sure are) very simple thoughts, before muddying the water pretty thoroughly thereafter.

II. Inequality Is Morally Unproblematic: Hobbesian Themes

There is a tendency in the literature on theories of justice to assume that equality is the baseline, moral and intellectual, from which all discussion starts. Theories of desert, for instance, that explain desert in terms of providing "ambition-sensitive justifications of departures from equality" assume that equality is the baseline and that departures from it need justification, while equality itself does not.[1] I repudiate that view here, not so much because I think it is simply wrong as because its acceptance would serve no useful purpose. On the one hand, it would beg the question if it were to be construed as saying "Yes, it is true that inequalities are prima facie wrong"; and on the other, it would entangle us in some old and unprofitable arguments about what *sort* of inequality is wrong. Better, therefore, to begin by repudiating the idea that inequality needs justification in a way that equality does not.

The thought behind my repudiation is this: Imagine as a thought experiment that an egalitarian places on two plates identical meals, equal in size, nutritional content, and composition. They are not substantial meals; let us say they each amount to a rare quarter-pound cut of fillet steak, a small helping of French fries, and a little green salad. One plate is set

[1] The phrase is Ronald Dworkin's; see Ronald Dworkin, *Sovereign Virtue* (Cambridge, MA: Harvard University Press, 2000), 23.

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before a newborn baby, the other before a hungry truck-driver. Both are outraged, though the latter is more articulate about it than the former. Have we treated them equally? It seems to me that we have. Have we treated them sensibly, properly, fairly, in a utility-maximizing, rights-respecting fashion? It seems to me that we have not.

Now, the egalitarian who thinks that equality needs no defense while inequality does will wriggle his or her way out of this problem by insisting that equality does not mean literal equality, since no amount of wriggling can evade the point that these meals are equally nutritious, identically constituted, and so on and so forth. What equality means to the egalitarian, if it does not mean literal equality, is not easy to say, however. If, for instance, it means that each meal should be equally suitable to the needs of the consumer, the morally relevant element of this is that a meal ought to be *suitable*. That both meals should be *equally* suitable adds nothing to the thought that both should be suitable. The irrelevance of equality can be seen by extending the thought experiment a little. Suppose we can achieve *one* suitable meal only. In this case, we have the ingredients to make a truck-driver's special for the driver, but not the ingredients to feed the newborn. We may regret that we cannot do what we ought for the baby, but we would not think it morally more satisfactory to throw away the trucker's meal and achieve parity of unsuitability. Certainly, on the one hand we must behave fairly, but on the other we must achieve as much good as possible if we are to act in a morally serious fashion. It would be unfair to care less about the baby than the trucker, but equality as such does not in a context such as this compete with other values, such as fairness or efficiency.

Given this thought, I turn to the view that inequalities of income and wealth *cannot* be intrinsically objectionable. Everything hangs on the idea of intrinsic objectionableness, of course, and it may be that many readers will think that I achieve my object by shutting out so many obvious anxieties about inequality that my case reduces to vacuity. It does not matter if I do, because the extrinsic considerations carry as much weight as a rational egalitarianism requires, but I shall take the risk in any event. The grandfather of rational choice theory is, arguably, Thomas Hobbes. Hobbes relies on the thought that human beings are motivated to act by the desire to achieve their own greatest apparent good.[2] Underpinning this thought is Hobbes's physicalist understanding of human beings: according to this, we are self-maintaining automata, whose behavior is governed by the imperative to avoid our own extinction and to maximize the flow of vital motions about the heart; the appearance of the flow of vital motions to us is the psychological experience of happiness.[3] This is not a doctrine of *selfishness* in the ordinary sense, since the goals to which

[2] Thomas Hobbes, *Leviathan* (New York: W. W. Norton, 1997), 32.
[3] Ibid., 32.

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we are attracted are not always such as to damage the interests of others in favor of the interests of ourselves. It is a doctrine of *self*-regardingness in the sense that any goal whatever that we are moved to pursue must be part of the set of things that *we* value. An unselfish person is not one whose preferences bear no relation to himself, but one whose desire for the welfare of others motivates his pursuit of his goals. My goals are *my* goals, even if the achievement of my goals does you good.

One interesting feature of the Hobbesian account of these topics that bears directly on the topic of inequality has not survived into recent and more technically sophisticated theorizing. Hobbes suggests ways in which a concern with equality and inequality seeps into our motivations even though he has the same reasons as every other rational choice theorist to leave equality and inequality out of the discussion. One might think that if *we* are concerned with what (truistically) concerns *us*, we need not concern ourselves with how everyone else is faring. My welfare is *my* welfare, my utilities are derived from the satisfaction of *my* preferences, and that is the end of it. But for Hobbes, two things spoil the story. First, Hobbes's value-skepticism leads him to suppose that we want what "appears good" to us; there is no objective condition of something *being* good other than by reference to us. "Calling good" is the fundamental notion, as in Hobbes's claim that "whatsoever is the object of any man's Appetite or Desire, that it is, which he for his part calleth *Good*."[4] Desire projected onto objects of desire produces what one might think of as an optical illusion, the appearance of objective value. Hobbes is in this way a precursor of Bertrand Russell and John Mackie, offering a form of "error theory of value" almost three centuries before they do. But Hobbes also supposes that we are unsure about what we want; since our bodies are in constant motion, our desires are so as well. There is no summum bonum, no condition of felicity in which we are satisfied and at rest; rather, felicity consists in continually prospering.[5] In the absence of agreed objective standards of the good life, we are likely to wonder whether we are prospering as much as we might. Hobbes supposes that we create a surrogate value-objectivity in the objects of our desire by using the envy of others as the test of our own success. Just as, in Robert Nozick's treatment of standards, the basketball player thinks he is really pretty good until the day he encounters the likes of Wilt Chamberlain, so Hobbesian man thinks he is doing pretty well until he encounters the neighbor who is eating a bigger apple or wearing a thicker sheepskin.[6] Once we see what we *might* have, what we actually have is dust and ashes in our mouths; conversely, when we see that our neighbor's satisfaction has turned to dust and ashes, what we have tastes all the sweeter. This is not an exercise

[4] Ibid.
[5] Ibid., 37.
[6] See Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974), 240–42; and Hobbes, *Leviathan*, 69–70.

in pure malice or in wishing ill upon our neighbors. Rather, the natural extension of the search for the things that enhance the flow of vital motions about the heart is the search for a supergood; this supergood is the knowledge that we are the envy of others, and that we *must* be doing well. The process gets out of hand when nothing will satisfy us but the knowledge that we are the envy of everybody. Hobbes is uninclined to complain about human nature, and he thinks nothing a sin unless there is a law—divine, natural, or conventional—against it. Nevertheless, the desire to be preeminent comes close to counting as the fundamental flaw in human nature; "glory" is the hardest of passions for a state to subdue.[7]

The second way in which comparisons enter the argument would for most writers constitute a subject distinct from the discussion of inequalities of income and wealth. This subject is the acquisition of power. Almost all of us distinguish wealth from power. Hobbes, however, gives a perfectly general definition of power as the means we have present to attain some future apparent good, and is quite clear that wealth is power.[8] Since Hobbes places first among human passions a restless striving for power upon power that ceases only with death, it is a central part of Hobbes's argument to explain the search for power and to show how it can be contained. But it is worth pausing momentarily to distinguish Hobbes from almost everyone else in the literature of political theory on this topic. Machiavelli, to take the obvious counterpart, deplored economic inequality because of its political consequences, such as the rise of a self-seeking, vicious, vainglorious, and corrupt aristocracy, whose retainers and hangers-on disturb the peace and make the efficient conduct of war, diplomacy, and commerce impossible. Machiavelli also says that the possession of excessive riches by some will lead others to lose sight of both the military virtues and the private or domestic virtues, and will lead to the downfall of the republic—a theme to which I shall return in due course.

Hobbes has no interest in this argument, famous and long-lived though it is. Hobbes's point is simpler. We seek power because we want to control the future; income and wealth are means to that control, just as the possession of a .45-caliber revolver is. There are not two topics, the one economic inequality and the other its political consequences. Hobbes subsumes the economic in the political, because he sees wealth as essentially comparative, and believes that the basic unit of currency is power. The point of power is control; the unpredictability of nature set to the side, the chief obstacle to *my* control is the will of other men, backed up by whatever resources they can muster. It follows that I am rich to the extent that others are not. If I have $10,000 and nobody else has more than $1,000, then the painting on the wall of your studio is mine for a few dollars; if

[7] Hobbes, *Leviathan*, 56–57.
[8] Ibid., 55 ff.

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everyone else has $10,000, the price goes up, my certainty of having the painting goes down, and my utility is so much the less.

Like his successors among the utilitarians, Hobbes thinks that the controlled competition of the marketplace is benign in (most of) its effects, and believes that controlling the use of lethal weapons is a more urgent and more central task for a state than controlling the way we make and spend money. Unlike his successors, he does not draw a sharp distinction between the uncoercive exchanges of the market and the coercive regulation of the state; all he is concerned with is which exercises of "power" have to be controlled and in what way it might most effectively be done. *One* way, besides the familiar methods of social and ideological control that *Leviathan* sets out for Hobbes's sovereign to employ, is to persuade individuals to retain the focus on their own satisfactions that is in some sense natural to us, but from which we can easily be distracted. That is, we must consider whether we are contented by what we have and what we do, not whether we are as contented as others or whether what we have is as good as what they have. Hobbes's emphasis on the conventionality of marks of distinction is intended not only to stop the aristocracy from making unjustified claims to a natural title to govern, but to encourage all of us to suppress status-based or esteem-based appraisals in favor of more sensible ones. The difficulty, of course, is that Hobbes's epistemological skepticism deprives him of a wholly cogent standard of what is sensible.

III. Inequality Is Morally Unproblematic: John Rawls's Argument

We must leap forward now to the most familiar argument in the recent literature to the effect that inequality *in itself* is not a problem. This comes in a work that argues exactly what I have denied, that inequality needs justification in a way that equality does not. In John Rawls's *A Theory of Justice*, the contracting parties hidden behind the "veil of ignorance," making their hypothetical contract with one another, each focus on his or her own welfare alone.[9] In Rawls's terminology, they are mutually disinterested; they derive no pleasure from the success of others, and they derive no pleasure from the failures of others.[10] This is not, of course, an account of the parties' actual motivations, since they are hypothetical persons, and it is not an account of ordinary human motivation in the real world; the real world, with its sins and errors, reappears only late in the narrative. The requirement of mutual disinterest is a way of shadowing into the hypothetical contract-making situation the denial that envy is a morally legitimate motivation in the real world. Similarly, Rawls credits

[9] John Rawls, *A Theory of Justice* (Cambridge, MA: Harvard University Press, 1971).
[10] Ibid., 13 ff.

his hypothetical contractors with a highly implausible degree of risk aversion, not because he thinks we are risk averse in our ordinary lives, but to shadow into the motivation of the contractors the moral requirement that we not take risks with other people's lives and welfare.[11]

So, we have the notion that if we were mutually disinterested, there could be nothing wrong with inequality as such. Each of us is concerned with his or her own well-being, and the well-being of others does not impinge thereon. I think that this is, however elaborately fleshed out, the sum total of the argument. It is what lies behind such familiar defenses of inequality as the reminder that "unless some drive Rolls Royces, none will drive Fords," or as Locke observed, that the day laborer in England lives, lodges, and is clothed better than the Native American chief, although there is no unequal division of the land in "inland America."[12] Rawls, like Locke, insists that we are to look to the welfare of each individual; *what* he or she possesses can be described independently of what anyone else possesses, and we can distinguish between *how well off* we are and *how satisfied we are with how well off we are*. The latter is vulnerable to envy, spite, malice, and all sorts of unattractive motivations—and it should be noticed that it is not only the envy of the poor that comes into the narrative but the pride and self-congratulation of the well off. A person who would choose to have $100 worth of real consumption possibilities so long as others have only $50 worth, rather than $500 worth on the condition that others also have $500 worth, is as misguided as the poor man who would rather have $100 all round than $500 for himself and $1000 for many others.

Rawls's justification of inequality is that unequal rewards to those who take part in economic cooperation is a good bargain for the people at the bottom of the income and wealth distribution, so long as high rewards for some really are a condition of the well-being of all. This is the case exhaustively discussed for the past three decades. It is worth noticing that it is unlike the libertarian case, which sees no cause to justify any distribution whatever, so long as it emerges from the exploitation of "entitlements," which is to say our property rights in ourselves and externals, or, in a larger sense, from luck. It is also unlike the utilitarian case, which from Bentham onwards holds that the target of social policy is overall welfare, that diminishing marginal utility is sufficiently common to make it prima facie right to equalize the distribution of income and wealth, and that the interesting questions are then about the countervailing considerations—issues of incentive above all—that justify departures from equality.[13] Finally, there are "baseline" theories that eschew *equality* as a moral goal, but argue that social

[11] See Rawls's discussion of slavery at ibid., 167 ff.

[12] John Locke, *Two Treatises of Government*, ed. Peter Laslett (Cambridge: Cambridge University Press, 1967), 314–15.

[13] Jeremy Bentham, *Theory of Legislation* (London: Trubner, 1887), 104.

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policy should somehow or other ensure that there is a welfare baseline beneath which we do not suffer people to fall. Rawls, utilitarians, and baseline theorists frequently sustain similar policy recommendations in the real world, but they do so for different reasons.

IV. Psychological Effects of Inequality

If inequalities of income and wealth are not intrinsically objectionable, we should consider the extrinsic objections to them, that is, the objections to their effects. An entire tradition of political theory has been devoted to this topic, and it would be all too easy to start with Plato and never emerge from *The Republic*. Accordingly, I shall simplify savagely, and offer abbreviated accounts of some well-known criticisms of the psychological, political, and economic effects of inequality; I will then gesture at some interesting empirical evidence that connects high levels of economic inequality with a generally lowered level of well-being.

The greatest critic of inequality's psychological impact was Rousseau. His seminal essay *Discourse on the Origins of Inequality among Men* was misunderstood by Engels when he declared that it was the first work of historical materialism.[14] Certainly, Rousseau sketches an account of the origin of classes and class conflict that resembles what Engels offered a century and a half later; both accounts are tied to a hypothetical history of the creation of property rights in land (as distinct from informal rights to the undisturbed enjoyment of items of immediate consumption and use).[15] But Rousseau understands his own intentions better when he describes himself as a painter of the human heart. The process in which he is interested is that whereby human beings changed through long historical evolution from creatures indistinguishable from other intelligent animals into rational and moral creatures. This evolution was both progress and regress. It was progress, because Rousseau never doubts that the acquisition of rationality and a moral sense was progress; it was regress because we lost the simple natural balance of animal life and instead made ourselves miserable. "Civilized man is a depraved animal" was one of the remarks by which Rousseau enraged contemporaries like Voltaire.

Rousseau's thought is this: Prior to our historical evolution, we are by nature intelligent creatures well-adapted to our surroundings and to ourselves. We are not exactly happy, because animals do not felicitate themselves on their successes as humans do, but we are not miserable and neurotic. We have two instincts, *amour de soi* and *pitié*; the first is the wish for our own self-preservation, and the second is an instinctive aversion to

[14] Jean-Jacques Rousseau, *Discourse on the Origins of Inequality among Men*, in Rousseau, *The Discourses and Other Early Political Writings* (Cambridge: Cambridge University Press, 1997).

[15] See ibid., 166 ff.

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the sufferings of creatures like ourselves. These are *instincts*; we act on them only in the sense that they impel us. We do not adopt them as our guides, and we are not conscious of following them. In the fullest sense, we are not yet conscious at all. We do not know *that* we are human beings, even though we have an instinctive affinity for our species; nor do we know *which* members of that species we are. Comparisons with others are therefore impossible. So are comparisons between our present and our future, or between our past and our present; the concept of a "life plan" is entirely foreign to us. Rousseau insists, and it is what sets him apart from Hobbes, that we must in these conditions have no fear of death. Animals fear danger, but without a conception of their own existence as continuing self-identical entities, they have no conception of their own extinction. The haunting fear of that ultimate end of all our hopes and fears is not something they can experience.

It is not an instinctive fear of violent death that drives us to establish political institutions and the rule of law, but the consequences of the social strains set up by civilization. Rousseau's imaginative skills—much admired by Adam Smith and David Hume—are directed toward the analysis of the way that man comes to live "autrui de lui-même," which is to say the way in which we come to value our own existence only in terms of the impact we make on others and not in terms of our own real welfare. For Rousseau, this is a disaster many times over. The acquisition of language, reason, self-consciousness, and an understanding of time allows us to understand that the moral principles binding on all rational creatures require us to treat one another justly and as moral equals. Yet we also find ourselves flouting these values. The comparisons between ourselves and others on which the recognition of their equal moral standing with ourselves is founded are the same comparisons that incite us to wish to be those others' social, economic, or intellectual superiors. The price of becoming moral is a loss of innocence. Animals act as they do on impulse and without sin; we are divided selves and ridden with guilt. Inequality is both the cause and consequence of this disaster. As soon as we are conscious of others, we wish to cut a fine figure in their sight. We become vulnerable not only to the real ills of existence—such as pain, hunger, death, and loneliness—but to the envy and ill will of other people. Every slight is a little death.

This sort of rivalry makes life much harder for the social theorist than the seemingly more alarming problems of the Hobbesian state of nature do. Once there is peace, Hobbesian man can tolerate the competition Rousseau deplores. For Rousseau, the existence of this competition entails a latent civil war always on the verge of breaking out into open hostility. The Hobbesian sovereign can end the physical war of all against all, but not the psychological one. Hobbes knew this, but thought that once peace and prosperity were assured, most of us would be moderate in our wants and not self-destructively competitive. Rousseau casts a more jaundiced

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eye on prosperity; prosperity, along with the intellectual advance it promotes and the elaborate social life it brings in its train, creates the psychologically destructive behavior that Rousseau condemns. In a famous note to the *Discourse* he gives a wonderfully chilling account of the inner life of civilized man.[16] Rousseau supposes that the inner life of civilized man is dominated by the fantasy of being able to exercise complete control over the reactions of all one's competitors for esteem, wealth, sexual favors, and so on. The logic of control is Hobbesian. An individual needs more and more power over others so that they shall not resist his demands on them. The ultimate form of control is to kill all one's rivals. This achieved, an individual is a ruler in imagination over a desert in which he is alone and has no one to validate the absurd pride that led him to wish to be the master of everyone else. Rousseau's lesson that despotism internalized is self-defeating and self-destructive recalls Plato and anticipates Freud.

But the lesson provokes an obvious question: how far do inequality and self-destructive vanity feed upon each other, and how great an evil is it if they do? There is no determinate answer to this question. Different kinds of inequality produce different effects, and the vanity of different people varies from the harmless to the lethal. A modern egalitarian such as Ronald Dworkin deplores the fact that the poor have inadequate health care and education, receive less than decent treatment by the criminal justice system, and face various other inequities. The complaint is familiar, and what lies behind it is the thought that one of the advantages that wealth brings is the ability to purchase the good will of politicians and lawyers. The question to pose to Rousseau (and indeed to ourselves) is "Supposing that the less well off were decently supplied with the necessities of life, were treated as equal citizens, and received equal justice, would you still be opposed to inequalities of income and wealth?" Rousseau's answer might come in two parts. The first would be simply to mock the question as absurd. How *could* one suppose that such a world might exist? The second is to insist that poverty is a felt condition rather than an objective matter of having the resources to meet one's needs. Contented precolonization aboriginals in Australia lived lives that to us appear poverty-stricken, dangerous, and altogether intolerable; until our arrival, however, they themselves were content enough with their diet, accommodations, and occupational opportunities. It is the riches of others that turn our sufficiencies into sources of shame and humiliation. To be poor in the demoralizing sense is to be poorer than others.

The rational response to Rousseau is, I fear, boringly pragmatic. *Some* sorts of consumption, in *some* societies, are intended by the consumers and understood by the spectators to function as marks of distinction, and to separate out those who do and those who cannot enjoy these things.

[16] Ibid., 198–99.

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Tickets in the Royal Enclosure at the Royal Ascot race meeting have no other function—a fact attested to by the derision with which journalists greet so many of those who are seen there. But not all the things that people enjoy fit this category; many enjoyable things are essentially uniform goods that one can buy more of as one's level of disposable income rises. In the late twentieth century, motor vehicles became something very like this. They were, of course, a fashion item as well as a means of movement, but the variety of fashions they could serve meant that there was no socially recognized status hierarchy. Nevertheless, small symbolic niches certainly existed where the choice of a BMW over a Mercedes or the ostentatious parking of a Harley Davidson outside the office door indicated (if the gesture was successful) that here was a young 50-year-old with fire in his belly or (if the gesture was unsuccessful) that here was a self-deceived 50-year-old who had not noticed that he was past this sort of thing.

If it is a boring response to Rousseau to observe that he is only *sometimes* right, it is worth noticing that he *is* sometimes right. To the extent that he is right, it means that disciples of Rawls must take two things into account. The first is that Rawls's incentive-based arguments for inequality of reward must be taken with a pinch of salt. For instance, the pay of CEOs bears little relationship to their worth to the companies that employ them; for one thing, their worth to the companies that employ them is obscure in the way that the worth of generals to the armies they lead is obscure. Teams need leaders, but what leaders do is difficult to describe. Even if we agree that leaders contribute to the success of the companies they lead, the disparities between leaders and others, in terms of salary and size of share options, are driven by "fancy value" in the Lockean sense (that is, value based on something other than utility).[17] If Jones gets $5 million, Smith sets his sights on $6 million; if Jones had been paid $1 million, Smith would have settled for $1.2 million. Neither salary relates very directly to the companies' achievements, though a CEO's pay will generally have some connection with a company's size and salience in the public eye. If large numbers of high incomes are set by such considerations, Rawls's defense of inequality becomes not shaky in itself, but shaky as a defense of the inequalities we see around us. It is not less morally persuasive, but it is less sociologically relevant.

The second point Rawlsians must consider is that we need to revisit the idea of envy. Rawls, as we know, drives out envy in the first part of *A Theory of Justice*, and then drives it out again in the third part of the book. As noted above, in the first part, envy is eliminated by the device of "mutual disinterestedness," the role of which is to discredit envy. On the general principle of "naturam furca expellas, tamen recurrat" ("you may drive nature out with a pitchfork, but she will return"), however, Rawls argues in the third part of the book for a greater degree of equality than

[17] On "fancy value," see Locke, *Two Treatises of Government*, 316–20, 409–10.

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the difference principle would in theory demand, in order to reduce the likelihood of envy, and thus of class warfare and other abrasive social and political phenomena. However, we might turn this argument around and argue that envy is the response that is intended to be triggered by trophy salaries and the ostentatious display of wealth. Moreover, we might argue that we should not care what produces the emulation that drives a free market economy, so long as something does. If envy does it, that is fine, even if many people would like to see the rich brought down from their perch *however little they themselves would benefit*. So long as we can thwart that desire and divert the energy behind it into the productive channels of a competition for high-risk/high-reward employments, we should not moralize about fallen human nature. If not impressed about turning bad motives to useful ends, we might decide that the search for trophy salaries is a sort of social aggression against everyone else, and wish to put a lid on it. Innumerable societies have had sumptuary legislation designed to keep the rich from quarreling among themselves and to keep them from irritating the less well off, and only the most bald-headed libertarian can argue that there is anything wrong with such legislation in principle.

A thought that this argument may inspire is one I shall recur to later. One might think that in a rational world—one that is governed by rules that are designed to secure as much general happiness as possible, on the basis of just terms of social cooperation—individuals would see themselves as at least in part the servants of the public as well as of themselves and their own families. The thought is not that they should be entirely self-abnegating, nor that they have no self-interest. If they had no self-interest, it is not obvious that they would know how to promote the general interest, or have any use for the idea of just terms of cooperation. But there is a difference between getting a fair reward for what we have contributed to the welfare of our society and getting whatever the market will bear. This is not a matter of pointing out that well-crafted incentives increase the general welfare, and that people may ask for what a well-crafted system would allow them to ask for. It is to argue that people are entitled to a reward for service. If we are to advance down this latter track, we will need a conception of fairness in contribution and reward, and a view of the possibilities of motivating the contributors to a modern economy. Rousseau does not advance that discussion very much, nor did the theorists who should have done so in the nineteenth century—Marx and Mill.

V. Political Effects of Inequality

Mention of sumptuary legislation brings up the political dimension of inequality. Assuming that we have decided against Rousseau's view that self-promoting spite and self-destructive envy are to be avoided at all

costs, we can turn briefly to the most familiar of all arguments against inequality. From Plato to Dworkin, taking in every representative thinker of a broadly republican stripe on the way, this argument has been the same. It is said that rich people subvert the political system. They do not content themselves with buying Cadillacs, but insist on buying judges, politicians, political parties, and Congress. This is to be distinguished from another famous argument that I shall simply ignore. Tough admirers of Rome and Sparta disliked rich societies because they made their inhabitants soft. They also made them apathetic, so that when rich men stole the political system people were content to be enslaved by them. This fear of majority apathy, and the fear of the loss of military vigor and the effeminacy of the state, are not themes I examine here. The point we should focus on is that among the things that inequalities of income and wealth lead to, one of the most important is further inequality—of power, access to the political system, access to justice, and access to whatever else of importance the political system produces.

There are two branches to the anxiety. The first is that there are some areas in which we think, for whatever reason, that anything other than strict equality is intolerable. We do not propose to give rich men three votes to acknowledge their wealth, nor to allow them three closing speeches in court to acknowledge their possessions; we think that equality before the law is a matter of equality in this if nothing else, and that "one man, one vote" really means one man, one vote. In practice, of course, we put up with the most striking divergences from these principles. It is a familiar fact that in the United States, the death penalty is never carried out on anyone who has the money to hire a halfway competent lawyer, and that in all societies the poor receive worse justice than do the rich. By the same token, the Supreme Court's extraordinary views about free speech lead to a situation in which rich men are encouraged to purchase political office through their ability to purchase the advertising time that will secure name recognition.

The cure for this distortion of the judicial and political processes is easy to imagine, but very difficult to implement. The detachment of money from elections requires tough rules about campaign expenditures, and such rules need to be strictly enforced. If electoral courts erred on the side of suspecting politicians of misconduct, it would have a beneficial effect. This, however, is something that would require a sea change in current American political culture, where the popular belief that most politicians are crooks is not widely shared by politicians and judges.[18] It might be possible in some political systems to ensure that political advertising is prohibited, or that such advertising is limited to a certain amount donated by media outlets, but this simply cannot be done in early twenty-first-century America. By the same token, an effective legal aid system

[18] I do not, of course, mean to suggest that the United States is particularly unusual in this.

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could be created for poor defendants in criminal cases, though it would be difficult to run such a system in a way that did not benefit lawyers rather than clients and was invulnerable to abuse by the well off. The chances of such a system being created in the United States are not good.

The second branch of the anxiety emerges from the observation that purchasing political influence is an affront to democracy. Were the process to go unchecked, the result would at best be class government, and at worst government by an unaccountable oligarchy of rich men clustered about the modern equivalent of a royal court. Once again, it is not difficult to think of ways in which this could be prevented by direct political and legal means even if nothing were done to prevent or even reduce the inequalities of income and wealth that allowed rich men to behave in this fashion. The Roman republic—which was a moderated oligarchy, not a democracy—allowed sufficient direct input from the representatives of the common people to hold the rich in check for several centuries; in the end, it came to nothing and the Empire ensued. The American republic showed signs of heading in the same direction in the last quarter of the nineteenth century. Aggressive critics of the present condition of the United States sometimes suggest that we are again heading toward the politics of the Gilded Age.

I will not make any judgment here on the empirical plausibility of these arguments. In other contexts, one might pursue this issue at length, but here I am only arguing that these arguments—which, if well founded, are very powerful arguments criticizing the impact of money on politics—do not suggest that there is any *intrinsic* objection to inequalities of income and wealth. Of course, many critics think that it is neither here nor there whether the objections are intrinsic or extrinsic; for our purposes, however, it is an important distinction.

VI. Economic Effects of Inequality

I will now turn to the economic objections to inequalities of income and wealth, bearing in mind as before that the question is about the *intrinsic* undesirability of these inequalities. I ought now to make one qualification to the sharp distinction between intrinsic and extrinsic considerations that I have hitherto accepted. One point I am about to make concerns inequality's potential impact on the price level and availability of particular sorts of goods. This is not exactly an intrinsic consideration, nor is it exactly extrinsic. To have a higher income than others is to be able to exert more market power than they can. Money is command over the labor of others, and therefore the possession of more of it is the possession of more power over the labor of others.

The familiar argument about the irrelevance of inequality as opposed to poverty is simple and persuasive. If I need one comfortable and reliable car and I have it, it does not injure me if you have six of them. If I need

a swift, efficient, benign, and well-trained doctor to cure my ailments, it is fine if I have one who will treat me now and affordably, and neither here nor there if another doctor who is no better than mine will charge you three times the price. If I have no car, I have a problem; if I cannot find a competent doctor, I have a problem. Otherwise, I have no problem. Why, then, does there *appear* to be a problem in the aforementioned cases? The obvious answer is that our measures of poverty are clumsy, and do not catch what we need them to. One alternative answer that I am not disposed to accept is that the logical connection between some contemporary measures of poverty and the existence of inequality means that when there is greater inequality, there must be more poverty. For example, assume that poverty is defined as receiving half the average level of earnings; further assume that inequality increases in such a way that average earnings increase while the wages of the lowest 40 percent do not—this would occur if some of the fairly well off became much better off. In this case, there has been an increase in poverty in the sense that more people will have less than half the average level of earnings, but it is not obvious that the newly "poor" are any worse off than they were before. The "no skin off their noses" argument leaves the situation open for further discussion.

To show that the newly poor are, or might be, worse off, consider something that is easy to sketch informally but beyond me to formalize. Think of the effects that the aforementioned increase in inequality may have on the housing market. The price of the houses that the better off live in will rise, and since housing stocks are inelastic, the price rise will run down through the lower levels of housing, with the effect that the rents of the worse off will rise as well. Alternatively, think of the effects on public transport of a rise in the incomes of persons who want to purchase cars. As the demand for cars rises, the ridership on public transport will decline, and the transport available to the poor will be diminished. The worse off will be forced to buy cheap cars as a defensive reaction to the worsening of what is available to them. This is not the Rousseauian state of affairs in which the rich buy cars "at" the worse off; the rich may feel entirely benign about the poor and buy cars only because they are useful. The effect of their doing so, however, will be to worsen the position of the worse off even if the latter suffer no drop in money income. Their standard of living will drop.

It is situations of this sort that explain the apparent paradox whereby affluent societies' worst-off members, with incomes of $5 to $10 thousand a year, may be poorer than they would be living on a fifth of that amount in a poor country. A doctor's services may be out of their reach in the United States, but would be available in a poorer country; decent housing may be out of reach in the United States, but would not be so elsewhere. The obvious question is what this has to do with inequality, and the answer is that the differences in consumption patterns between the poor and the affluent determine what is produced, and may remove from the

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marketplace things that the poorer people need. I have been writing as though increased inequality always stems from the better off flourishing and numerous worse-off people staying where they were, and this is one possibility. But there is an equally common situation in which a general rise in prosperity leaves some small part of the population worse off. One explanation for increased homelessness, for instance, has been that once upon a time there was a substantial demand for cheap dormitory-style accommodation, but the places where this would have been provided have been turned into apartments, and nobody reckons to make money by supplying the old style of accommodation. As a result, this explanation suggests, a hole has appeared in the market, and people who would at any rate have found space in a flophouse now camp on the streets. The difficulty about arguments of this sort is always that their empirical adequacy is disputable; if current health and safety regulations were as lax as they were sixty years ago, it seems not unlikely that there would still be flophouses, and if this is right, it is not inequality but regulation that accounts for the homeless on the streets.

Still, there may well be cases where the consumption patterns of the better off remove from the market those things that would benefit the worse off. The use of cars by the affluent deprives the poor of a bus service that would break even only if the affluent also used it. In medicine, the dramatic diseases of the better off attract the efforts of doctors who would do more for human happiness by treating the back pain, fallen arches, and undramatic chronic ailments of the less well off. The place of this sort of effect in my intrinsic/extrinsic categorization is unclear because it is not obvious how we could prevent the effect without removing the cause. But these cases are what we should set in the scales against the argument, made canonical by Rawls, to the effect that the unequal rewards handed out by the market are what sustains innovation and growth and therefore the long-run welfare of the less advantaged. I do not mean that Rawls's argument is invalid, only that there are countervailing considerations with respect to it that are not examined in *A Theory of Justice*.

Some writers discount such side effects on the ground that our right to cause them is implied in the existence of property rights, whether rights in our own labor or rights in external assets.[19] If we have property rights in our own efforts and our own resources, then so long as we do not actively prevent others from using their like rights in their own efforts and resources, they have no ground for complaint. There is an alternative analysis, offered in Mill's *On Liberty*.[20] On this account, the injury done to another by the employment of one's property rights is a genuine injury and should be acknowledged. If two of us compete for a job and I get it,

[19] See Nozick, *Anarchy, State, and Utopia*, 178 ff.

[20] John Stuart Mill, *On Liberty*, in Mill, *"On Liberty" and Other Writings* (Cambridge: Cambridge University Press, 1989), 94–95.

I have damaged you. How much I have damaged you may be hard to tell, and will depend on what other alternatives you have available; nonetheless, my success is your loss. Mill argues that the *practice* of allowing such injuries, when they are caused without fraud or force, is a fair price to pay for the benefits of competition. All the same, the injury is an injury, and our acceptance of the winner's right to inflict that injury on the loser needs the justification that Mill's argument provides. Hence, the impact of the better off on the worse off is to be counted rather than ignored. There is an obvious policy implication. If public services were formerly profitable and needed no subsidy, but became less profitable because of an income-related switch to private provision, one might think that instead of either raising charges or reducing services—the usual reaction to such circumstances in Britain—it would be more appropriate to tax the better off and subsidize the relevant services.

VII. Is Inequality Bad for Us? Some Empirical Issues

Finally, I want to consider some empirical issues and some last observations about inequality and motivation. There is some evidence that inequality, as distinct from absolute poverty, is damaging to social welfare. This evidence is not easy to evaluate, and it is often reported in terms of increases in poverty. This is a confusion if what is meant to be conveyed here is that an increase in poverty is simply the same thing as a rise in inequality. But there is some evidence that societies with more equal distributions of income and wealth have a better record in terms of health and general well-being than do societies whose per capita gross domestic product is higher but less equally distributed. It is very obvious that the United States has strikingly bad health figures when it comes to the lowest income quartile of the population: this group's life expectancy and ordinary levels of health are more like those of a Third World country than those of any European nation. Even at the higher levels of income and wealth, however, Americans at a given level are less healthy than their counterparts in more egalitarian countries. There may be any number of possible explanations, but the mere fact is interesting in itself.[21]

Crossnational comparisons of other indicators of social exclusion, such as antisocial behavior and academic underperformance, exhibit the same patterns found in comparisons of health statistics, suggesting that there is a deterrent to self-care created by the raw fact of living in an inegalitarian society.[22] (Britain seems in this, as in much else, to fall between the United States and the Scandinavian and other northern European countries.) Before concluding that here is the evidence that inequality is intrinsically bad for a society, there are many steps we would need to take. For start-

[21] See Norman Daniels, Bruce Kennedy, and Ichiro Kawachi, *Is Inequality Bad for Our Health?* (Boston: Beacon Press, 2001).

[22] See ibid.

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ers, even this sort of evidence is not evidence that inequality is *intrinsically* bad, since what we have is, at the very most, some evidence that the optimistic story that inequality encourages emulation and achievement is false and that the pessimistic story that it discourages self-esteem, optimism, and upward social mobility is right. The purest version of the thought that *mere* inequality cannot be a problem is not touched by such evidence, one might respond; the ill effects must be the result of something else. One might, however, begin to think that this response concedes the crucial point: that inequalities of income and wealth are causally implicated in bad outcomes independently of general prosperity and poverty, and that we must go on to analyze which aspects of inequality cause these outcomes and which do not. One might, for instance, wonder whether racial or class inequalities—inequalities of esteem and social respect rather than inequalities of income and wealth—are the real cause of the damage; if they were, and if we could split these inequalities off from simple inequalities of income and wealth, then perhaps no such damage would emerge. In Britain, for instance, there is a correlation between ill health and geography that has less to do with the income levels of the inhabitants of the given areas than with certain regions' persistent culture of self-neglect, hard drinking, and street violence—a culture that is not healthy for those who are trapped in it. People in different cultures would not be so affected by income inequality.

What we find with respect to health is also plainly true of educational attainment. Within the various ethnic groupings in Britain, the divergence of educational achievement is considerable, even allowing for income levels. Afro-Caribbean children generally underperform West African migrants, just as Bangladeshi subcontinental Indians generally underperform Gujarati migrants from East Africa. The amount of education children receive and the educational level they eventually achieve vary with income and wealth within communities, and the gross impact of income is dramatic and unmistakable; nonetheless, this impact varies greatly according to the cultural predilections of different ethnic groups. Once again, the moral is that *if* we construe our question narrowly enough, we can properly say that it is not inequality of income and wealth that does the damage here, but that this inequality has ill effects only in conjunction with cultural factors that are not themselves simply a consequence of income or wealth inequality.

VIII. Conclusion: Equality for Its Own Sake

Let me present one final thought about the intrinsic undesirability of income and wealth inequalities. If we entertain very different views about our own relations with other people, we might well think such inequalities are undesirable *unless* they reflect differences in need. The slogan that Marx borrowed from the Saint-Simonians—"from each according to

ability, to each according to need"—is not a simple egalitarian principle, as Marx himself was at pains to observe. Indeed, the sense in which Marx was an egalitarian is not easy to describe. The "ability-need" formula was the formula that he thought should transcend the "equal rights" formula of his contemporaries, and it is clear that it is intended to accommodate what egalitarians want, but to do so in a form that they had not imagined. If we deplore the view that in economic transactions we are entitled to ask for whatever we can get, subject to some loose constraints on driving extortionate bargains, we might find Marx's view attractive. In essence, the ability-need formula is intended to eliminate inequalities based on bargaining position and allow inequalities that represent "need." The question of what "need" will embrace is not one to be embarked on here; we may, however, take it that anyone who says he needs a sufficient supply of Chateau Margaux to develop his palate in good clarets will not get very far, even though Engels described his vision of heaven as Chateau Margaux 1848. Nor can we say that what we need covers only those things without which our lives will go very badly, because Marx expanded the concept of need to embrace whatever is required to live a truly human life.

In non-Marxian discussion, the notion of need is sharpened by contrasting the necessities of life with unneeded luxuries; Marx, however, was eager to say that by the time that we achieve the rational economic arrangements that lay on the far side of capitalism, we will have expanded our conception of human nature and acquired new and more human needs. In these circumstances, we might not be able to insist that we need an adequate supply of Chateau Margaux, but we are not confined to saying that we merely need *some* education, *some* health care, and *some* decent level of shelter and subsistence. It is simple enough to see that if I have a life-threatening disease, my need for costly treatment will entitle me to a greater share of resources than would be appropriate for someone who has a slight sore throat; it is less easy to see, however, how we are to allocate resources if my need for canvasses and oil paints is to be set against your need for a Latin dictionary. Marx's casual claims about abundance do not meet the demands of a serious discussion of distribution. On the other hand, Marx's contribution principle really eliminates the inequalities that a Rawlsian approach to justifying inequality lets through. Rawls's second principle of justice argues that any degree of inequality is acceptable so long as it improves the welfare of the worst off as much as possible; it therefore presupposes not that I shall contribute according to my ability, but that I shall employ my abilities to the extent that I am induced to do so by my own self-interest. It is, in that sense, explicitly opposed to Marx's principle, which holds that I am obliged to contribute to the best of my ability, simply because that is what I am obliged to do. "Obliged" here perhaps carries too much of the ethical baggage that Marx abandoned, but now that G. A. Cohen has sacrificed Marx's analytical

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apparatus to preserve his (Marx's) moral convictions, we may perhaps describe Marx as a moralist without undue embarrassment.[23]

We can at last reach an answer to the question we began with—that is, the question of whether inequality matters for its own sake. Inequalities of income and wealth are licit if they reflect discrepancies in needs or in the resources people have to make use of when contributing according to their abilities. Otherwise they are intrinsically wrong. They are not intrinsically wrong because equality takes logical or moral priority over inequality, but because the distribution of income and wealth should reflect the moral commitments of the human beings who produce that income and wealth. These commitments ought—if we can spell out Cohen's doctrine with any persuasiveness—to be broadly egalitarian in their consequences. If we cannot imagine that society would be prosperous and happy if we all behaved decently,[24] we have a problem on our hands, but we still have a reason to say that such inequalities are intrinsically wrong. They may be a necessary evil, but they are an evil nonetheless. To argue that inequalities of income and wealth are intrinsically wrong, one would appeal directly to the postscarcity theory of justice offered by Marx, or to some equivalent moral theory that represents our endowments as gifts to be employed for the good of others. There is no shortage of such non-Marxian perspectives, from the Christian view based on the parable of the talents to the ideals of the Fabians or the English Idealists. To make any of these ideas persuasive would be the work of a different exercise than this, and hence this conclusion is essentially hypothetical: if the perspective with which we began is persuasive, and a rational person focuses his or her attention wholly upon his or her own well-being, then inequality does not matter for its own sake; if the perspective so loosely sketched in the last few paragraphs is persuasive, it does.

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[23] See G. A. Cohen, *If You're an Egalitarian, How Come You're So Rich?* (Cambridge, MA: Harvard University Press, 2000).

[24] This is the disturbing message of Bernard Mandeville, *Fable of the Bees* [1714], ed. Phillip Harth (Harmondsworth, UK: Penguin, 1970).

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