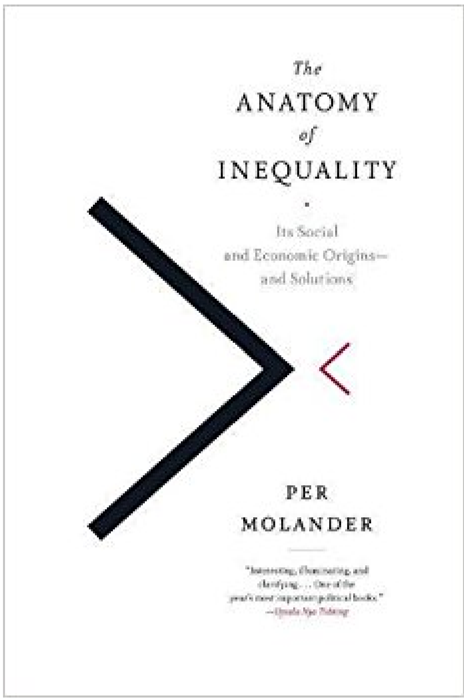
The Anatomy Of Inequality: Its Social And Economic Origins- And Solutions



Synopsis

â œVirtually all human societies are marked by inequality, at a level that surpasses what could be expected from normal differences in individualsâ ™ capabilities alone.â • So begins this new approach to the greatest social ill of our time, and nearly every other era. From a country with one of the worldâ ™s lowest rates of income and social imbalance, award-winning Swedish analyst Per Molanderâ ™s book changes the conversation about the causes and effects of inequality. Molander addresses the obvious questions that other pundits often avoidâ ”including why the wealthiest countries, such as the United States, have the greatest incidences of inequality.
Â Â Â Â Â Â Â Â Â Â Â Drawing from anthropology, statistics, references to literature, and political science, Molander looks at his subject across various political and ideological systems to examine policies that have created more just societies, and demonstrate how we can enact similar changes in the name of equality. In doing so, he presents a persuasive and moving case that humankind is much greater than the inequalities it has created.From the Hardcover edition.

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Customer Reviews

"For a long time, I’ve been violently shaking the most debated book of the spring, Thomas Piketty’s Captial in the Twenty-First Century. Now, out falls the core: Per Molander’s The Anatomy of Inequality."â ”Aftonbladet

Per Molander was the recipient of the 2016 Essay Prize from the Swedish Academy. He is the author of numerous reports, articles, and books about political philosophy and policy. He has consulted for the World Bank, the Organization for Economic Co-operation and Development, the European Commission, and the Swedish government. He lives in Uppsala, Sweden.From the Hardcover edition.

Interesting thesis. The main part of the book is used to explore on a slightly one-dimensional (though interesting) thesis derived from game theory and unequal bargaining games. However, the last few chapters are very interesting.

The Anatomy of Inequality: Its Social and Economic Origins and Solutions. Per Molander. 2014.The author, Per Molander, was a consultant to the Swedish government, the World Bank, the OECD, the UNDP, and the European Commission. His book begins with a simple observation: virtually all human societies are marked by inequality at a level that surpasses what could be expected from normal differences in individualsÃ¢Â Â™ capabilities alone. The book addresses three questions: 1) Why are all societies unequal. 2) Can inequality be influenced? 3) How do the classical ideologies of liberalism, conservatism, and social democracy relate to inequality as a phenomenon?The evolution of inequality is presented from primates to prehistorical humans to the present. Chimpanzees already manifest some inequality in association with dominance drive and aggression that leads to formation of hierarchies and coalitions. Present day hunter-gatherers have very limited inequality due to nomadic existence and lack of surplus. Early farmers (18,000 to 10,000 BCE) developed storage, settlements, and increasing hierarchy that led to surplus wealth that could be unequally accumulated and transmitted across generations. Emerging states added to these tendencies with increasing division of labor, control of key resources, and a monopoly on organized violence. The transition to the Middle Ages included 1000 years of absent population and economic growth during which poverty and inequality increased. In modern times rapid population and economic growth occurred, but inequality continued to increase, except during the mid-Twentieth Century from the World Wars and the Great DepressionWhen certain individuals or groups get the upper hand in the fight for power, there is no natural force that can return a society to its previous equilibrium. Consequently, inequality has been rising throughout history along with the rise of surplus production that can be concentrated in the hands of ruling elites. Absent regulation, the only constraint on this process is the need for ruling elites to leave enough resources for their subjects to remain alive and reasonably fit to work. This is illustrated graphically by the extraction ratio, which defines the efficiency of a ruling group to extract the surplus from the rest of the population. As the size of the surplus increased from hunter-gatherers to the present, so did the level of inequality. Still, in modern

OECD countries the level of inequality varies considerably according to the level of ambition for redistribution, with inequality highest in the US, Portugal, Israel, and the UK and lowest in the Scandinavian countries, the Netherlands, and Slovenia (Table 3.1).With respect to the cause of ubiquitous inequality, the author utterly rejects the common explanation that people differ with respect to capability and effort. He points out that in 2015, the richest eighty persons in the world owned as much as the poorest 3.5 billion. That this gap by a factor or 10 to 100 million can be explained by differences in productivity and effort is a physical impossibility. Economist Branko Milanovik calculated that a personÃ¢Â Â™s real income was 80% dependent on circumstances beyond her control, mainly country of birth and family background, and 20% dependent on other factors, including chance and effort. The author then points to the role of chance in the dynamics of the many negotiations that take place at all levels of the economy and the role of inheritance in amplifying these advantages. He uses game theory as developed by John Nash, a Nobel laureate in economics, to show that this process is inherently unstable and leads away from equilibrium.In negotiation, the promise of gain is balanced by the risk of losing. Accordingly, two negotiators with equal abilities and equal assets can be expected to arrive at an equal division of the contested asset. However, any advantage in assets for one of the negotiators results in increased tolerance for risk, a stronger negotiating position, and correspondingly increased prospects for a bigger piece of the pie. In the next round of negotiations, this results in an even stronger position with better results, and so on in a positive feedback loop with an ever-increasing rate. In this sequence, if one player starts with only 1% greater assets, after 70 or 80 rounds, the weaker playerÃ¢Â Â™s assets are depleted (Diagram 4.3). In actual negotiations, even if players are identical, minor disruptions in circumstances through no fault of anyone are likely to favor outcomes for one or the other. These minor differences will then be intensified in subsequent rounds and further intensified across generations with inheritance until inequality is entrenched.Consequently, an unstable pattern of asymmetrical negotiations becomes established in favor of the class of ruling economic elites. This cycle leads to continually increasing inequality as those at the top with sufficient assets to tolerate considerable risk, such as factory owners, negotiate with those who have far fewer assets, such as their workers. This negotiating process is a power relationship. Hence, the power of government is the main force that can alter it by redistribution and regulation. Not surprisingly, reducing the size of government to prevent this is a cornerstone of the neo-liberal ideology that favors economic elites. Of course, these elites also use their great advantage in assets in attempts to control government and direct its activities in their favor.The author does not advocate unrealistic plans to eliminate inequality but rather advocates managing it to obtain an equilibrium at some desired level to prevent numerous possible bad outcomes. Those on the right have tried to strike equality from the political agenda, but most others take it seriously. Consequently, the three main Western ideological currents of liberalism, conservatism, and socialism are examined to see how they relate to the problem of inequality. The term Ã¢Â ÂœliberalismÃ¢Â Â• appears to have a European slant so that it refers to market liberalism, with divisions of left liberals who accept some government redistribution and right liberals who do not. In the US, these divisions would more closely match terms used for liberals and conservatives or Democrats and Republicans.In any event, liberalism is characterized as having an individualistic perspective, a scientific world view, and interest in contracts according to a constitution. Liberalism is said to mostly promote fairly equal opportunities but not market interference for differences in outcomes. (In the US, this would be more representative of right liberalism, called conservatism, than left liberalism.) Conservatism is characterized as emphasizing knowledge skepticism (possible unintended consequences) to justify the status quo on the basis of tradition, local customs, property rights, and religion, including Hinduism, Islam, and Christianity. Conservatism is more likely to accept inequality that others would reject on moral grounds, such as with sexism, racism, and slavery. Problems with both liberalism and conservatism include ever-growing inequality from the unrestricted bargaining game and lack of legitimacy for a system mostly determined by history and luck.Social democracy accepts that there is no stable, egalitarian equilibrium in the bargaining game to prevent escalating inequality. Consequently, a wide spectrum of measures is employed to level both opportunities and outcomes. These measures include progressive taxation and transfer policies, a well-developed social security system, strong trade unions, and an active education policy. Without an active distribution policy such as this, society moves relentlessly toward increasing inequality until the extraction limit is reached. These successful programs do have costs, but so does inequality. The problem for social democracies is finding the right balance and keeping the right balance.

Social and economic inequality is not just a recent discovery but it has a rich and varied history. This book takes a look at the historical and current-day Ã¢Â ÂœdevelopmentÃ¢Â Â• of this inequality before considering options to eradicate it.It was a bit of a mixed bag, neither ultra-inspirational and information packed or something best left on the bookstore shelf. To be fair, it probably does require that you are a bit more of a focussed nerd to this subject as it does lack more generalist, mainstream appeal. More is the pity. The author seeks to leverage the experiences of Sweden and its public policy to encourage income and social equality, believing that society can change if it wants without any overly traumatic changes being necessary. The current system is sick, else what could explain why the United States Ã¢Â Â“ one of the wealthiest and most powerful countries in the world Ã¢Â Â“ has the greatest incidence of inequality. It should be leading the way, not trailing behind, and equality is not a synonym for communism or socialism either.Certainly the author has thrown a lot of material into the mix, jumping over disciplines in the process, and delivers many interesting ideas and concepts for possible change. It is just that the book is a bit stodgy and reading it does require an above-average degree of concentration and determination. A book like this that seeks to advocate change should be accessible, inviting and engaging, pushing the reader to share the authorÃ¢Â Â™s enthusiasm and desire for change. It is less clear whether the boo will achieve the critical mass, especially amongst the general reader community, and that can be a shame.If you stumble over this book, it may be worth checking out to see if you can connect with it.

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