

# Tentacles of Circumstance

The political consequences  
of inequality

OPEN SOCIETY  
EUROPEAN POLICY INSTITUTE

A PART OF

 OPEN SOCIETY  
FOUNDATIONS

COUNTERPOINT 

The Bridges Project explores the hidden drivers of key policy dilemmas and brings vital insights from research across many disciplines to the attention of European policy-makers and politicians.

Counterpoint is a research and advisory group that focusses on the social and cultural dynamics that drive politics and markets. Based in London, Counterpoint provides NGOs, businesses and governments with strategic insights on the new landscapes of risk and uncertainty.

The Open Society European Policy Institute (OSEPI) influences and informs decision-making on EU laws, policy and funding to ensure that open society values lie at the heart of what the EU does, both inside and outside its borders. OSEPI is part of the Open Society Foundations and is based in Brussels.

*‘The job of government is to help  
people who are caught in the  
tentacles of circumstance’*

*– Samuel Ealy Johnson Jr*

## **Contents**

---

<b>Populism and the uses and abuses of inequality</b>	6
<i>Catherine Fieschi and Heather Grabbe</i>	
<b>Inequality levels and the perception of inequality over the long run of history</b>	13
<i>Guido Alfani</i>	
<b>Material prerequisites of social equality</b>	18
<i>Jonathan Wolff</i>	
<b>Primus inter pares</b>	23
<i>Paul Lagneau-Ymonet</i>	
<b>Economics and inequality: two problems of social democracy</b>	28
<i>Avner Offer</i>	
<b>Is culture or economics at the root of our strange politics?</b>	32
<i>Martin Sandbu</i>	
<b>Lessons from societal psychology for times of economic inequality and political populism</b>	39
<i>Jennifer Sheehy-Skeffington</i>	

## Populism and the uses and abuses of inequality

Catherine Fieschi and Heather Grabbe

Populists across Europe appeal to voters by tapping into a wellspring of anxiety and resentment, much of which is the consequence of voters' experience of multiple forms of inequality. Many people feel caught in the 'tentacles of circumstance' described by the father of US President Lyndon B. Johnson, but they no longer feel that government is helping them wrestle free. To explore the complex effects of inequality on both groups and individuals in European societies, this volume brings together essays by scholars of economic history, sociology, psychology and philosophy. This variety of lenses allows an exploration of both the origins of inequality and the different forms that it takes, which is essential to understanding the uses and abuses of the concept in political debate.

Populist slogans derive their power from their ability to frame resentments and anxieties as the result of injustice and betrayal by elites. A central tactic is to point to different aspects of inequality as illustrations of different ways that they claim mainstream politicians are ignoring and betraying ordinary voters. Migration is one of the most effective vehicles through which to tap into several resentments: economic insecurity, status anxiety and cultural difference. Populists systematically promote the idea that the well-being and preferences of ordinary citizens and native people of the country are considered by political elites to be less important than those of newcomers or the elites themselves.



'Sandra has been sleeping in her car with her son for 3 months'<sup>1</sup>

The following campaigns illustrate the claims made by populist slogans that are related to inequality:

### 1. Coming second in the state's priorities

Populist slogans claim that there is inequality of access to social security and benefits, and hence to the protection of the state. An example is the French Front National's (FN) 2017 election campaign, which suggests that the state is protecting and helping only migrants.



'Guess who comes last?'

### 2. Inequality of access to jobs

Populists point to a competition for jobs or services from foreigners who are prepared to work for lower wages and thereby emphasise an unequal playing field for employment and increased demand for services and benefits. An example is the Italian Lega Nord's campaign, which shows a white Italian pensioner being last in the queue, behind migrants, at a state office.

### 3. Cultural marginalisation

Populist slogans tap into a sense of loss of one's culture and belonging through increasing immigration – an immigration promoted on the grounds of demographic needs, but that says nothing about national identity. The German Alternative für Deutschland (AfD) used this kind of argument in its 2017 campaign slogans.



'New Germans? We make them ourselves'<sup>2</sup>

#### 4. Inequality of lifestyles

Populists point to an inequality of lifestyles to foster resentment of all elites. The example below comes from the UK Independence Party's (UKIP) 2017 election campaign, claiming that voters are making sacrifices to support expensive establishment lifestyles.<sup>4</sup>



The fact that these slogans – that trigger and capitalise on popular resentment regarding very different kinds of inequality – have been so effective in their appeal, is a demonstration that policy-makers also need to address many different kinds of inequality to reduce support for populists. The lived experience of people voting for populist parties is of multiple, interwoven forms of inequality which no one policy can address, even if one slogan can. For example, redistribution can redress wealth and income inequality but provides no answer to feelings of cultural marginalisation. Likewise, language classes and courses to promote cultural integration of newcomers don't assuage the concerns of the native-born population about wage competition and access to public services. Policy-makers need to understand how inequality feels to citizens in the complex reality of the lived experience if they are to respond adequately.

#### Insights from economic history, philosophy, sociology and psychology

To understand how these resentments and anxieties play out politically, and interact with one another, the Bridges Project brought together leading researchers from a range of academic disciplines to discuss the scope and complexity of the experience of inequality.

Economic history provides perspective on the past seven centuries; Braudel's 'longue duree' applied to inequality. By putting together his own data on wealth inequality since 1300 with Thomas Piketty's dataset that starts in 1810, *Guido Alfani* traces the inexorable rise of inequality over 700 years. This historical perspective shows that only two huge demographic shocks reversed its rise: the Black Death and the period of the two world wars. In the 20th century, redistributive taxation and the growth of the welfare state slowed its rise considerably, although it picked up again in the 1980s. Two of Alfani's points are key to understanding the political effects: the first is that historical data show that economic growth does not by itself reduce inequality; therefore, policy interventions are needed to keep it within socially acceptable limits – particularly fiscal policy. The second is that the political effects of inequality emerged from the 18th century when people started to perceive it as being unjust. Moreover, history confirms that humans focus at least as much on their relative gains as their absolute ones, so the perception of inequality is closely influenced by levels of inequality and not so much by access to resources.

Philosopher *Jonathan Wolff* also points to relative poverty as central to social exclusion. He sees its most pernicious social effects as resulting less from lack of resources than from not being able to 'fit in' – being able to achieve what you think of as normally expected in your society. Your family is a salient reference class for feelings of deprivation. The 'poorer than my parents' syndrome that has resulted from rising housing costs and loss of secure pensions causes people to feel poor even if their incomes are above the median. They feel that society is not delivering its part of the bargain as it did for their parents, who also worked hard and played by the rules but seem to have been more fully rewarded for it. These thwarted expectations are a major source of resentment that drives many forms of political protest. They gain additional force when people believe that those in power have protected their own privilege at the expense of those without influence. Wolff concludes that policy needs to work most on creating a political, social and cultural environment which makes people feel valued.

The adoption of meritocracy as a norm in the 20th century created expectations of life chances based on equality of opportunity. However, perverse effects have emerged: meritocracy as a societal norm has created expectations that societies might not meet. Sociologist *Paul Lagneau-Ymonet* demonstrates how the introduction of meritocracy in France created a ladder that allows only competent people to rise to the top, regardless of their social background, but it has continued to privilege people from well-off and well-connected families who find it easier to get onto the ladder in the first place. He argues that in France today, the holders of economic capital can reaffirm their meritocratic domination by relying on their education in order to counter the criticisms levelled by those endowed only with cultural capital.

Economic historian *Avner Offer* even describes meritocracy as ‘predatory’. The idea of social meritocracy, he argues, is modelled on neoliberal market economics rather than being crafted to deliver social goods. The clever acquire a sense of entitlement that makes them complacent about inequality – including economists as one of the credentials-based occupations. The answer, he argues, is to resist the dismantling of the welfare state and instead restore a commitment of public institutions to providing people with security over their life cycle. He argues that social democracy is still the best answer to inequality because it evens out the periods that everybody goes through during their life of being productive and being dependent. The state must provide welfare transfers from producers to dependents because the tax base is much larger, more robust and more stable than financial markets.

*The lived experience of people voting for populist parties is of multiple, interwoven forms of inequality which no one policy can address, even if one slogan can*

Economics writer *Martin Sandbu* explores how economic change has created populism’s army of the ‘left behind’. A new class consciousness has emerged among those who lost out from de-industrialisation and inequality, who feel both economic and cultural frustrations. The scramble for scarce resources caused by the rise in inequality and then stagnation following the global financial crisis has caused an antagonism between groups. But structural changes in

the economy have aligned to affect a particular group negatively, and that group already had less open cultural values. The changing economics of place has particularly affected the low-skilled, the uncredentialed and those lacking social connections to the elite, who are often also the people who are tied to places in decline, who are less comfortable with the fast-changing world around them, especially changes in gender roles. Recent economic changes have favoured certain types of places (those suited to a more knowledge-intensive economy over former industrial cities) and also certain types of individual (those with more open psychological attitudes). Those people who are culturally least disposed to the social changes of the past half-century are also the least able to cope with the economic transformations during the same period.

To help the left-behinds, economic strategies have to aim at high-quality infrastructure, thriving regional economies and at reducing inequality. But for such economic policies to work well – and be accepted in the first place – they must evolve from a different social understanding of the value and nature of skills and knowledge, the role and responsibility of businesses, and the desirability of government investment in public goods.

Better social understanding is also central to the view from psychologist *Jennifer Sheehy-Skeffington*. She argues that economic empowerment might stem the rise of xenophobia because poverty or financial instability trigger a psychological shift towards those socially close at the cost of others. Economists and politicians are wrong to assume that societies with growing ethnic diversity will necessarily have lower levels of support for universal welfare, as long as politics engenders a sense of all citizens depending on one another and acting together towards a shared goal. Moreover, her own research on personality shows how one’s underlying support for or opposition to inequality shapes one’s very perception of how much inequality there is in the first place, contributing to political polarisation about how best to respond to it.

Sheehy-Skeffington’s research into the psychology of poverty shows how the experience of relative deprivation radically shapes people’s cognitive and emotional experience, and with it the decisions they make. She explores the relationship between inequality and feelings of powerlessness, loss of control and anxiety. The desire for power over one’s life and what happens in it is pervasive among humans. Economic inequality, regardless of one’s income, diminishes one’s sense of power and control over life outcomes.

The importance of this theme of powerlessness emerges across the essays in this volume, from the thwarted expectations discussed by Wolff, to the broken promise of meritocracy explored by Lagneau-Ymonet, and the potent reactions triggered by powerlessness discussed by Sheehy-Skeffington. People’s perception that they cannot control their own destiny leads them to support those who promise to restore it. Science has shown that humans have a fundamental need to feel that they have the power to shape their own lives – a sense of agency. ‘Take back control’ is a powerful slogan because it purports to address this unmet need by restoring agency to individuals as well as to society as a whole.

But agency also matters because people simply want to feel valued – both as a result of what they receive from the state and society as well as from what they contribute. When you make a contribution to your family and community, you feel yourself having agency as well as having value.

Across these essays, several dimensions of not feeling valued emerge: resentments and anxiety grow when people feel that their work is not valued, but also when their social contribution and culture seem to have little worth. The link between inequality and deep feelings of worthlessness needs more exploration for public policy to respond adequately.

All of the essays in this volume exhort state institutions to intervene through policy. They all point to a need to both reduce absolute levels of inequality *and* to manage the noxious effects of inequality on politics. In addition to shoring up redistributive mechanisms and the welfare state in order to reduce income and wealth inequality, policy-makers need to consider the less obvious factors that make people feel unequal. It is a matter not only of addressing the politicised grievances that make their way into slogans, but also the deeper psychological factors and historical memory that drive them. They need to go deeper into the lived experience of inequality to understand factors such as thwarted expectations and unmet needs for feeling valued and in control of one's life.

---

#### Notes

1. Source: [goo.gl/MDVXmo](https://goo.gl/MDVXmo)
2. Source: <https://goo.gl/YhbXTd>
3. Source: <https://goo.gl/vR1F6U>
4. Source: <https://goo.gl/t2bUXp>

## Inequality levels and the perception of inequality over the long run of history

---

Guido Alfani, Associate Professor in Economic History, Bocconi University  
Fellow of Dondena Centre and IGIER

In recent years, long-term trends in economic inequality have attracted increased attention from social scientists, which also reflects civil society's growing awareness of deepening economic disparities. In this context, particular attention has been paid to the share of total income or wealth earned/owned by the top level of the distribution – usually the top 1%, 5% or 10% of individuals or households. The share held by the richest is both interesting in itself (as it informs us 'how rich' the better-off are), and as an indicator of the overall trends in economic inequality. New time series studies of wealth concentration spanning the 20th and at least part of the 19th century have recently been produced for a variety of countries by scholars like Thomas Piketty.<sup>1</sup> This work has increased our knowledge of the time changes in wealth inequality and in the share of the richest considerably, adding to pre-existing studies which had covered only a few countries or areas, particularly Britain and the US.<sup>2</sup>

Even more recently, comparable data for the preindustrial period has become available. To a significant extent, this is the result of the activities of the ERC-funded project 'EINITE – Economic Inequality across Italy and Europe, 1300–1800'.<sup>3</sup>

This project has collected, systematically and with a uniform methodology, information about long-term trends in wealth inequality and in the share of the richest for many ancient Italian states, as well as for a few other parts of Europe, from Catalonia to the Low Countries. This work, which covers the entire period since ca. 1300 to 1800 whenever possible, allows us to extend the series of the share of wealth owned by the richest by about five centuries.<sup>4</sup>

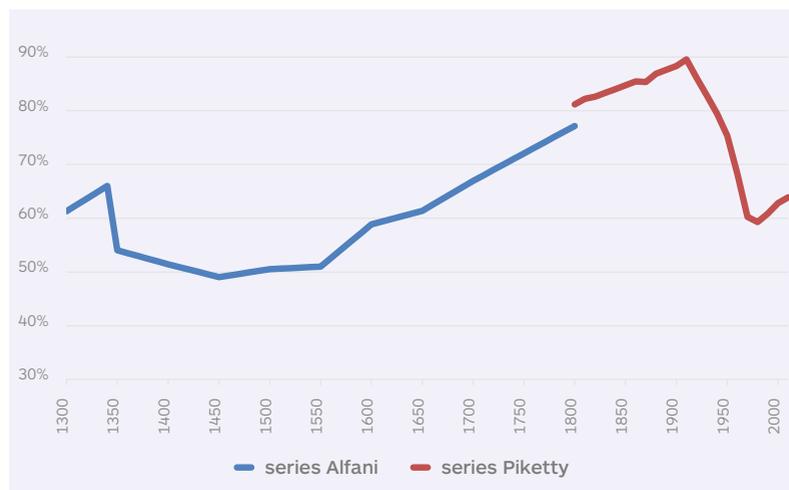
*In the last seven centuries in Europe, inequality has generally tended to increase, with no trace of a 'spontaneous' reduction in inequality*

The available evidence suggests that overall, during the entirety of the early modern period, the rich tended to become more prevalent and more distanced from the other strata of society. The only period during which the opposite process took place was the late Middle Ages, following the Black Death epidemic of the mid-14th century. For example, around 1500, the rich (defined as those households owning at least 10 times the wealth of the median household) constituted about 3–5% of the total population in Italy. By 1800, their prevalence had doubled. In the same period of time, the share of wealth held by the top 10% had grown from about 45–55% to about 70–80%.<sup>5</sup>

The information obtained for the late medieval and early modern periods provides a different perspective on recent findings about how the conditions of the rich have changed in the last two centuries. There seems, indeed, to be very solid ground to argue that the tendency for wealth to concentrate in the hands of the few in 19th-century Europe was, in fact, only the final part of a much longer process that started around 1450. In particular, the share of the top 10%, which I reconstructed for 1800, seems to have approached the European average at 1810, which Piketty recently placed at slightly over 80% (see Figure 1). The increase in economic disparity continued until the eve of the First World War, when the top 10% owned about 90% of the overall wealth. The two world wars, as well as the shocks which occurred in the interwar period, resulted in a sharp contraction in the share of wealth owned by the richest segment of the population. The trend changed again from the 1980s, and the share of the top 10% has increased significantly since then, reverting to about the same levels that seem to have characterised Western Europe on the eve of the Black Death (i.e. about 65%).

The new data now available about preindustrial European societies are relevant to current debates on very long-term changes in economic inequality and in the relative position of the rich. Indeed, they suggest that in the last seven centuries of

Figure 1. The share of wealth held by the richest 10% in Europe, 1300-2010



Source: G. Alfani, 'The top rich in Europe in the long run of history (1300 to present day)', Vox, 15 January 2017

European history, the general tendency has been for inequality to increase, without any trace of a 'spontaneous' reduction in inequality levels of the kind hypothesised by Simon Kuznets about sixty years ago. While this is surely a point on which more research is needed (if we are to correctly assess the causes and the implications of the very long-term tendency for wealth to concentrate in a few hands), the only two phases of significant decline in inequality which occurred in the last seven centuries seem to have had little to do with spontaneity. On the contrary, they were triggered by some of the largest shocks recorded in human history: the Black Death in the 14th century and the two world wars in the 20th.

We should not take this empirical finding as 'proof' that we have limited control over changes in inequality over time, as only large-scale catastrophes were able, historically, to reduce inequality. On the contrary: history also provides us with plenty of evidence that human agency, mediated by institutional change (especially regarding fiscal systems), was able to have a deep impact on inequality trends. During the 16th–18th centuries, when taxation was regressive (post-tax inequality was higher than pre-tax – which is the opposite of what is usually found for today's societies), human agency *promoted* an increase in inequality by expanding the fiscal capacity of the state.<sup>6</sup> But on the other hand, the lull and even further decline in inequality after the end of the Second World War was also the effect of human agency and institutions (redistributive policies and the development of the welfare states from the 1950s to the early 1970s).

These examples suggest that human agency – the explicit, intentional attempts by human beings to change things – could have a strong impact on inequality trends, either reinforcing inequality growth or even, at least in relatively recent times, inverting what seems to be a somewhat spontaneous tendency for income and wealth to become ever more concentrated. Then, the long-run, historical perspective adopted here also offers us a clear policy implication: *if we want a less unequal society, then we have to act to create it, as it seems unlikely that inequality will begin to decline on its own.* And history shows that when willing, contemporary societies are also able to become less unequal.

Another line of research on preindustrial inequality that is relevant for contemporary debates has to do with the connection between inequality levels and the perception of inequality. One crucial point is that in Medieval European societies, a condition of disparity in wealth or income, even an extreme one, was not

automatically considered unjust – as long as actual access to essential resources was guaranteed for everybody. Only from the 17th century, and more clearly during the eighteenth, ‘political’ equality started forming part of the debate. This cultural elaboration, which started with a discussion about the condition of human beings in a hypothetical ‘state of nature’, eventually gave rise to a claim on equality of rights that culminated in the French Revolution. The Revolution itself elevated the concept of *égalité* (equality) as one of the main political aims to be pursued, and enshrined it as an essential keyword of Western culture.<sup>7</sup>

Is this change in the perception of inequality connected to long-term changes in the levels of inequality? Indeed, from the Middle Ages and through the early modern period, the slow change in the meaning of the concepts equality/inequality proceeded alongside a continuous increase in actual economic inequality. This was

*if we are to ensure social stability [and] the correct functioning of democratic institutions, we should probably target inequality ... trying to contain it within socially acceptable levels*

probably a pan-European process, one which interacted in complex ways with cultural change. In other words, as societies became more unequal, inequality became a matter of interest, and subsequently a matter of concern. First, from the late Middle Ages, a concentration of patrimonies led to a more positive reflection on the sin of ‘greed’ – in a sense, finding a place for the rich within the broader community (as in earlier views, the continuous accumulation of wealth per se was considered not only sinful, but also contrary to what was to be expected from good members of the com-

munity). Later, further increases in inequality levels were probably connected to the new way in which jusnaturalists started comparing a theoretical state of nature in which all were equal to the actual situation at the time: a change in perception of unequal conditions that, from the middle of the 18th century, gave rise to entirely new political claims. By 1830, the meaning of the word *equality* had almost completely changed from its medieval meanings, which were mostly related to theology, astronomy, music and medicine. The change in the meaning of inequality was seemingly slower and delayed. As a matter of fact, even in the early decades of the 19th century, the economic meaning of inequality, which is probably the dominant one today (a cultural condition that the current economic crisis seems to be strengthening), was still fairly marginal.

Chronologically, the moment when inequality finally acquired an economic meaning coincides with the moment when it started to reach levels never experienced before (see Figure 1). Consequently, we can formulate a tentative hypothesis: it is only when the actual levels of economic inequality reached a multi-secular

peak that an excessively unequal distribution of access to material resources started being considered incompatible with truly equal political rights, and the word inequality finally acquired a meaning similar to the current one. Indeed, this is the origin of the view, so clearly expressed by Piketty, that after a certain threshold is exceeded, the concentration of capital and overall wealth in too few hands becomes ‘incompatible with the meritocratic values and principle of social justice fundamental to modern democratic societies’.<sup>8</sup> But again, from our long-term perspective, this is further proof that inequality levels are far from unimportant for a given society (whatever the living standards that its individual members actually enjoy). Historically, the *perception* of inequality seems to have been closely influenced by the actual inequality *levels* – and not as much by access to resources. Consequently, if we are to ensure social stability, as well as the correct functioning of democratic institutions, we should probably target inequality *per se*, trying to contain it within socially acceptable levels – and not, as many economists argued in the past and will presumably argue in the future, focus solely on providing the conditions for quicker economic growth, from which everybody will profit to some degree. Indeed, what history seems to teach us is that the (possibly unfortunate) nature of human beings is to focus at least as much on their relative gains as on their absolute gains.

#### Notes

1. T. Piketty, *Capital in the Twenty-First Century*, Cambridge, 2014
2. P.H. Lindert and J.G. Williamson, *American Inequality: A Macro Economic History*, New York, 1980; J.G. Williamson, *Did British Capitalism Breed Inequality?*, Boston, 1985; and more recently, P.H. Lindert and J.G. Williamson, *Unequal Gains. American Growth and Inequality since 1700*, Princeton, 2016
3. For further information see [www.dondena.unibocconi.it/EINITE](http://www.dondena.unibocconi.it/EINITE)
4. G. Alfani, ‘Economic inequality in northwestern Italy: a long-term view (fourteenth to eighteenth centuries)’, *Journal of Economic History*, 75:4, 1058–96, 2015; G. Alfani and W. Ryckbosch, ‘Growing apart in early modern Europe? A comparison of inequality trends in Italy and the Low Countries, 1500–1800’, *Explorations in Economic History*, 62, 143–53, 2016; G. Alfani and F. Ammannati, ‘Long-term trends in economic inequality: the case of the Florentine State, ca. 1300–1800’, *Economic History Review*, 70:4, 2017
5. G. Alfani, ‘The rich in historical perspective. Evidence for preindustrial Europe (ca. 1300–1800)’, *Cliometrica*, 11:3, 321–48, 2017
6. Alfani and Ryckbosch, ‘Growing apart in early modern Europe?’, op. cit.
7. G. Alfani and R. Frigeni, ‘Inequality (un)perceived: the emergence of a discourse on economic inequality from the Middle Ages to the Age of Revolution’, *Journal of European Economic History*, 45:1, 21–66, 2016
8. Piketty, *Capital in the Twenty-First Century*, op. cit., 26

## Material prerequisites of social equality

*Jonathan Wolff, Blavatnik Professor of Public Policy, Oxford University*

My research in this area starts from three related distinctions. First, and central to the topic of this publication, is the distinction between distributive and social inequality. Within Anglo-American political philosophy, a debate has arisen between those who see equality primarily in distributive terms, suggesting that an equal society is one that provides its citizens with an equal share of something, such as income and wealth, and those who see equality in social terms, suggesting that a society of equals is constituted by the nature of the way people in society relate to one another.

Second, I am interested in the distinction between what is generally called 'ideal' theory and 'non-ideal' theory, although I prefer the term 'real world' for the latter. Ideal theory starts by attempting to derive a set of principles, the realisation of which would lead to perfect justice. Societies are then judged by how well they match up to such models, and reforms are proposed to bring them closer. Real-world theory starts from the identification of what Amartya Sen calls 'manifest injustices' that exist in our world. Sometimes they will already be the target of social movements, but often a new discovery opens our eyes to a serious, widespread, phenomenon. For example, in the UK there is an awakening of interest in 'modern slavery', in which vulnerable people are trapped into very low-paid rural work with no prospect of leaving.

Third, reflecting on cases like that of modern slavery, it seems clear that it is possible to designate something as a significant injustice without having a particular theory of justice in mind. Phenomenologically, it seems that we can be much clearer that something is unjust than about what would be necessary and sufficient to make it just. There is much to discuss here, but I take from this that it is at least a theoretical option to start theorising from a negative theory of justice, giving priority to the identification and elimination of injustice, rather than imagining that it is necessary to come up with particular principles of justice to guide our thinking.

My work develops a negative, real-world approach to social equality, focusing on social inequalities, especially those of hierarchical and alienating social relations. My task is to bring out the nature of these unequal social relations and to consider how different forms of social policy could mitigate or even remove the worst of them.

In recent work, I have turned especially to look at poverty. This may seem a surprise, as most definitions of poverty start from the idea of a lack of resources, which is a material, rather than a social matter. However, the notion of relative poverty is now well understood, which, in brief, is a matter of lacking the resources needed to 'fit in', or to be able to achieve what is thought of as normal or normally expected in your society.

There is much more to be said here, as what it is to 'fit in' is a very complex notion in modern societies, where people have multiple strands to their identity and find themselves members of quite distinct groups. I will return to this, but the general idea is that resources are needed not just for food and clothes, but also to have a human life, with a broad range of activities and fulfilments, and to be recognised by others. Hence the notion of relative poverty provides a very helpful bridge between material and social equality, and therefore also the themes of this publication.

*relative poverty is now well understood as lacking the resources needed to 'fit in', or to be able to achieve what is normally expected*

There are, however, great complexities in the definition of relative poverty. Many societies have adopted an operational model of relative poverty as something like 60% of median income. The idea is that if you fall that far below the median it is likely that you will lack the resources that will allow you a normal life. However, this is only a proxy and in the literature, there are at least three approaches to the definition of poverty. The first is the most obvious and specifies poverty in terms of income, as we have just seen. The second is in terms of standard of living; what one can actually achieve or not, independent of income. The third defines poverty in term of whether one 'feels' poor.

While it may seem that the three should go together – one should feel poor if and only if one lacks the income to buy a bundle of necessary goods – in fact, research shows that these are very imperfectly correlated. Feeling poor can depend on temperament and comparison class; those with large debts to service can have a decent income but not be able to buy what they need; some people with low income run down savings or run up debts, and so on, and thereby achieve a good standard of living.

Given these different approaches to understanding poverty, what direction should policy-makers take? We need, however, to place the issue in an even wider context by understanding that, broadly speaking, there are three types of factors that determine

any individual's opportunities in life. First, there are what we can call their personal resources, which includes skills and talents. Second, there are their external resources, which will include wealth and income, but also their rights to access public and common goods, as well as their social networks. Finally, there is the social, cultural, material and legal structure in which they live. These come together to structure a person's opportunities. Each poverty measure picks out a different aspect of this complex. Income measures pick out just one part – albeit a very important part – of external resources. Standard of living measures pick out a subset of achieved opportunities, without paying attention to how it is that people come to have those opportunities or how they have achieved them. Subjective measures add something different, which is how people feel about the complex as a whole.

*You may ... be doing reasonably well, but according to your reference class you are failing ...*

In some ways, standard of living measures seem to be the most apposite in picking out what matters. But we need to guard against taking this in too narrow a sense. For example, the 'Breadline Britain' survey attempts to define what counts as necessary goods by asking ordinary people to identify, from a list, what they regard as most important. It

is no surprise that items such as two meals a day, a warm, dry bed and a waterproof coat are treated as necessities. But the item 'being able to visit friends and family in hospital' was also very high on the list. To the middle-class, non-specialist reader this comes out of the blue, as if it is some sort of mistaken category. It is something the reader simply takes for granted. But for someone on a low income, with caring responsibilities, no car, no work flexibility, and living in a rural location or away from the city, arranging life so that it is possible to visit during visiting hours can be a nightmare (the more so with the increasing tendency to centralise hospital care into specialised units). Once mentioned, however, the point becomes obvious. It has, for example, been a political issue in the UK whether you should have to pay commercial parking rates to park at a hospital when visiting.

*You may feel poor, even if you would not count as poor*

Furthermore, the items on the list are surprising in their omission. No mention was made of healthcare or education, yet for most people these would have been among the highest priority. But the reason these were missing is obvious:

in the UK no one need pay for healthcare or education (at least to the age of 18) and so no allowance for them was needed when calculating the family budget. Yet this is not the case in all countries, and in the United States, for example, it would be unthinkable not to include healthcare in a calculation of family needs.

This illustrates the artificiality of having a poverty line defined in the same way for different countries. In countries such as Denmark, with very effective public services, falling below 60% of median income may well matter a lot less than it might in the United States. Furthermore, what matters to an individual is not simply whether they have managed to achieve an acceptable standard of living now, but how well they will be able to sustain it. Those running up debt or running down savings are on an unsustainable path.

I have concentrated on poverty so far, which is a major problem, but not the only problem we face. Many people who are discontented in our societies today would not be counted as in poverty, even on a relative poverty standard. But the analysis can be extended. There is also a notion of 'relative deprivation', which I will for current purposes interpret as 'not being able to achieve what is generally expected in your reference class'. You may, by general standards, be doing reasonably well, but according to your reference class you are failing. In such a case you may feel poor, even if you would not count as poor. Each of us probably has many reference classes. But one, very salient, reference class is our family, and especially our parents. And the fear is that for young people today the ground has shifted, and they are at a loss and struggling.

*Many people believe themselves unable to achieve what is 'normally expected' for people like them in their society*

For example, there is a type of folk expectation of middle-class life in the UK that there is a sort of set of social rules, and if you obey those rules you will have a decent life, as your parents did. You should do well in your education and get a good job. This will allow you to buy a car, and get a mortgage to buy a house, and to have a family. Money may be tight, but you will be able to have an annual holiday and the occasional day out. You will be able to afford leisure activities. Ultimately you will retire on a decent pension and have perhaps twenty years post-retirement in reasonable health until death. At different levels of social class expectations will differ, but the same general idea applies: the assumption that things should be arranged so that if you do the things expected of you, you will have the life you have a right to expect.

*Even if they do not believe that they are in poverty ... they believe that society has failed to deliver its part of the bargain*

Our problem is that a large percentage of people no longer see a clear path to achieving this rather modest ambition. In some countries youth unemployment remains high. In many, ordinary wages are stagnating or falling. In the UK, house prices have risen to an extent where fewer people are able to buy.

Pension prospects are also falling. In sum, many people believe themselves unable to achieve what is 'normally expected' for people like them in their society. Hence, even if they do not believe that they are in poverty, strictly speaking, they believe that society has failed to deliver its part of the bargain. Of course, this is in one way an illusion, for society, as such, never promised them anything. But a type of ideology of expectation exists, and the current crisis may be partly a belief that those in power have allowed developments to happen that have protected their own privilege at the expense of those without influence. And this has, it could be conjectured, caused much of the current informal political protest movement.

*One thing that will be critical is a political, social and cultural environment which makes people feel valued. The need to fit in – to do what others can do and what you believe is expected of you – goes very deep*

What is to be done? The trick will be to align expectations with reasonable prospects, and a belief that if people work hard and play by the rules they will receive due reward. And in doing this, there may need to be an adjustment of expectations, which will be difficult to achieve.

But on the other side, in terms of improving provision, we need to ask what the right balance is between increasing income, providing common goods, and change to social, cultural and material structures. It is unlikely that any one measure can solve all problems, and much imagination

will be needed. It is likely, though, that investments in material infrastructure and improving access to social goods and services will be an effective use of resources. We need to be sensitive to the logic of each area of experience and consumption. For example, a general increase in incomes could simply put up rents and house prices, so other solutions will be needed to bring better housing in reach of more. One thing that will be critical is a political, social and cultural environment which makes people feel valued. The need to fit in – to do what others can do and what you believe is expected of you – goes very deep. Those who feel excluded are likely to find many other aspects of their experience of life diminished, or even poisoned. And this is where work most needs to be done.

## Primus inter pares

*Paul Lagneau-Ymonet, Associate Professor of Sociology, Institut de recherche Interdisciplinaire en Sciences Sociales, Université de Paris Dauphine*

### The specification of the French power elite

To circumscribe the power elite, we adopt Mills' criterion: membership in a cohesive subgroup that bridges institutional orders. Such a group should satisfy four conditions: selectivity (choosing individuals who are in a position to influence other powerful individuals), generality (covering the main domains of activity), duration (lasting and repeated encounters) and discretion (allowing each individual to informally depart from the institutions, the people, and the interests for which they officially stand). In 21st-century France, one club combines the four characteristics aforementioned: Le Siècle.

Created in the aftermath of the Second World War, it brings together top CEOs, senior civil servants, political dignitaries, journalists and pundits, leading lawyers, academics, military, religious figures, a few artists, and a small number of trade union leaders. Cocktails and dinners take place once a month at the Cercle de l'Union Interalliée.

Le Siècle does not represent a particular school of thought, nor encourage a particular lifestyle. It is by no means clandestine: its members are free to divulge their membership. Only the content of discussions must remain confidential. According to Pierre Moussa's personal papers of 1990, one of its coordinators for many years, 'selecting the best elements of each of those entities and introducing them to one another – that was the basic idea, with the aim of opening up the teams of people who lead our society'. Le Siècle has fewer than 800 members, carefully chosen by its board, which is itself made up of fifteen people. The co-ordination of the monthly dinner proves an arduous task: 'An ideal table at Le Siècle,' explains its secretary-general 'includes a politician, a business leader, an intellectual in the broad sense, and a view from abroad. We try to have a mix of political leanings.'<sup>1</sup>

Le Siècle gives an image of the power elite that differs from its self-description as a 'springboard for brilliant individuals whose birth or background does not predispose them to forming a network of relationships in the corridors of power'.<sup>2</sup> The club was very proud for having made a woman – a former trade unionist

turned expert on corporate social responsibility – president of the association. However, the homogeneity of gender, age, education and social background is still overwhelming; 92% of *Who's Who* members are registered in *Who's Who* (but only 8% of them mention their affiliation).

... the contemporary French field of power: integration into the dominant order (economic); class seniority; the forms of power-delegation (nomination/election); and public visibility

The vast majority of Le Siècle members are men over the age of 55, coming from the Paris area, sons of directors, high-level civil servants or liberal professionals, who graduated from Sciences-Po and, in many cases, from the ENA, unless they attended the most famous engineering and business schools. As pointed out by Mills: 'If social origin and formal education in common tend to make the members of the power elite more readily understood and trusted by one another, their continued association further cements what they feel they have in common.'<sup>3</sup>

### The evolution of the French 'elites'

Drawing on the 1969 *Who's Who in France*, Lewandowski captured the social image of 'elites' at that time.<sup>4</sup> Informal discussions with a former director of *Who's Who* (1984–2007), an interview with Lewandowski (Paris, 2 April 2011), and the consultation of his papers in the archive of the Centre de Sociologie Européenne suggest that the principles for the selection of individuals for the *Who's Who* and its users have not dramatically changed over time. Yet the means to collect information have improved and the number of biographies has more than quadrupled between 1953 and 2013. This could have led to a decrease in the selectivity of the *Who's Who*. If that were the case, the comparison between Lewandowski's data and ours would indicate changes that would overestimate the transformations in the profiles listed in the dictionary. Therefore, this comparison should be interpreted as a conservative estimate.

Women remain vastly underrepresented. 'Traditional families', as specified above, have declined, while unmarried status has increased. The rising frequency of non-public disclosure of one's marital status can also be interpreted as indicating the decreased pressure to publicly conform to the norm to marry. Educational qualifications have increased, too. Moreover, business people have broadly replaced liberal professions and senior public officials, both in terms of the social background and occupations mentioned in the *Who's Who*.

In parallel, the proportions of the main sectors of activity have changed: industry has decreased; finance, commerce and professional services have increased. By contrasting the sector in which individuals began their career and the last one mentioned in their biography, we capture a more dynamic picture. While commerce and finance remain relatively 'attractive', government and higher education are more frequently abandoned than they are embraced.

The direction and intensity of cross-sectorial flow has changed since the late 1960s, too. Whereas a position in higher education could previously be followed by a role in government administration or an artistic profession, nowadays it can also lead to careers in the private sector. Commerce, industry and finance seem to have become more interconnected than before. The flow of individuals between finance and industry seems to have reversed too: whereas in the past it was common to move from finance into industry, the opposite can now be observed. The military has become marginalised. These patterns reflect broader changes provoked by the French state relinquishing the economic influence it gained after the First World War: the depreciation of public offices; the prominence of private financial companies; and the salience of financial activities in general.<sup>5</sup>

Those with economic capital can reaffirm their 'meritocratic' domination by relying on their education and counter the criticisms levelled by those with only cultural capital

### The dynamics of the French field of power and the resilience of its power elite

Four main principles structure the contemporary French field of power: integration into the dominant order (economic); class seniority; the forms of power-delegation (nomination/election); and public visibility.

Economic factors matter the most. Indeed, our database does not contain information about income and wealth. Moreover, successful artists and some senior civil servants (e.g. paymasters general, mortgage registrars, and even councillors of state) may earn as much as some company executives and the former may also be rich in assets they have inherited or acquired through marriage. Nor can the interpretation be reduced to the opposition between economic capital and cultural capital, especially if the latter is approximated by diploma: the proportion of higher education graduates is very high among business people (62.5% graduated from top institutions or have a doctorate), and, conversely, the majority of artists are not highly qualified (38% did not study beyond high school).

Similarly, there cannot be a reduction to a gradation in the forms of capital; instead, the data signal the ongoing tension between insiders and newcomers to power and the prestige associated with class seniority. This result may not be surprising in a country still affected by its aristocratic past.<sup>6</sup>

Intriguingly, a similar structure has been documented in Scandinavian countries, which are arguably very different from France.<sup>7</sup> The significance of class seniority echoes Baltzell on the American ‘establishment’,<sup>8</sup> the conflicts between conservative bankers and wildcats,<sup>9</sup> as well as recent studies in social stratification and mobility.<sup>10</sup> Only further comparative works using similar methods could assess the generalisability of the power structure we document. Because we recognise the limitation of a structural approach that glosses over historical contingency and smooths out differences in pursuit of identifying commonalities, we present these results carefully and do not overstate their meaning.

*In a Republic that claims to correct social inequalities, particularly through education and universal suffrage, class seniority and the politico-administrative logics of bureaucratic appointment characterise the power elite*

Over the past four decades, the intra-family transmission of power via the inheritance of economic assets has regained importance in Western societies, including France.<sup>11</sup> At the same time, holders of economic capital have fully embraced the indirect *school-mediated* mode of reproduction. Therefore, the structure of the French field of power today appears less chiasmatic than that analysed by Pierre Bourdieu and his colleagues. In the 1960s and 1970s, the field of power had a X-shaped structure. Today, the holders of economic capital can reaffirm their ‘meritocratic’ domination by relying on their education in order to counter the criticisms levelled by those endowed only with cultural capital.

In his recently published lectures at the Collège de France,<sup>12</sup> Bourdieu mentioned this trend and insisted on the difference to be made between the possession of forms of capital and the power over each of them. In the current situation economic and cultural capitals are not opposed to one another: the former has gained power over the latter. The agents who are the most integrated into the economic order have increased their power over the conditions of production and legitimation of cultural capital. Education, even in France, is more and more business-oriented:<sup>13</sup> from the definition of national educational objectives, the development of business literacy, to the privatisation of tutoring and schooling. Private funding irrigates academic research. Philanthropy and sponsoring have regained traction in arts funding and cultural politics.<sup>14</sup>

Dogan once questioned the existence of a French ‘ruling class’.<sup>15</sup> Yet our findings reveal that a power elite does indeed exist in France. Within the system of objective relations between positions of power, individuals may nominally change positions, but the social characteristics and dispositions associated with these positions still belie meritocratic ideals. Contrary to what Moore documents for the ‘national elite network’ in the mid-1970s United States,<sup>16</sup> upper-class origins still distinguish the members of the early 21st-century French power elite. In a Republic that claims to correct social inequalities, particularly through education and universal suffrage, class seniority and the politico-administrative logics of bureaucratic appointments characterise the power elite. The composition of *Le Siècle* reveals the distance between the members of the French power elite and the two sources of legitimacy that liberal democracy puts forward: individual achievement and elected office.

#### Notes

1. P. de Gasquet, *Antoine Bernheim. Le parrain du capitalisme français*, Paris, Grasset, 2011
2. A. Martin-Fugier, “‘Le Siècle’ (1944–2004), un exemple de sociabilité des élites”, *Vingtième Siècle*, 81, 21–29, 2004
3. C.W. Mills, *The Power Elite*, New York, Oxford University Press, [2000] 1956
4. O. Lewandowski, ‘Différenciation et mécanisme d’intégration de la classe dirigeante: l’image sociale de l’élite d’après le *Who’s Who in France*’, *Revue française de sociologie*, 15, 43–73, 1974
5. F-X. Dudouet and É. Grémont, *Les grands patrons en France. Du capitalisme d’État à la financiarisation*, Paris, Lignes de repères, 2010; O. Godechot, ‘Finance and the rise in inequalities in France’, *Socio-Economic Review*, 10, 1–24, 2012; P. François and C. Lemerrier, ‘Une financiarisation à la française (1979–2009). Mutations des grandes entreprises et conversion des élites’, *Revue française de sociologie*, 57, 269–320, 2016
6. A. Mayer, *The Persistence of the Old Regime: Europe to the Great War*, New York, Pantheon Books, 1981
7. J. Hjelbrekke, B. Le Roux, O. Korsnes, F. Lebaron, H. Rouanet and L. Rosenlund, ‘The Norwegian field of power anno 2000’, *European Societies*, 9, 245–73, 2007; M. Flemmen, ‘The structure of the upper class: a social space approach’, *Sociology*, 46, 1039–58, 2012; C.H. Ellersgaard, *Elites in Denmark: Power Elites and Ruling Classes in a Welfare State*, PhD Dissertation, Copenhagen, University of Copenhagen, 2015; A.G. Larsen, *Elites in Denmark: Identifying the Elite*, PhD Dissertation, Copenhagen, University of Copenhagen, 2015; J.A. Lunding, *The Danish Field of Power. A Multiple Correspondence Analysis of the Contemporary Structures of Power in Denmark*, Masters thesis, Department of Sociology, Copenhagen, University of Copenhagen, 2017
8. E.D. Baltzell, *The Protestant Establishment Revisited*, New Brunswick, NJ, Transaction Publishers, 1991
9. S. Polillo, *Conservatives vs. Wildcats: A Sociology of Financial Conflict*, Stanford, CA, Stanford University Press, 2013
10. F.T. Pfeffer, S. Danziger and R.F. Schoeni, ‘Wealth disparities before and after the Great Recession’, *Annals of the American Academy of Political and Social Science*, 650, 98–123, 2013
11. T. Piketty, *Capital in the 21st Century*, Cambridge, MA, Harvard University Press, 2014
12. P. Bourdieu, *Sociologie générale*, 1, Paris, Le Seuil & Raisons d’agir, 2015; P. Bourdieu, *On the State: Lectures at the Collège de France, 1989–1992*, Oxford, Polity Press, 2015; P. Bourdieu, *Sociologie générale*, 2, Paris, Le Seuil & Raisons d’agir, 2016
13. A. Parienty, *School Business. Comment l’argent dynamite le système éducatif*, Paris, La Découverte, 2015
14. F. Duvoux, ‘Une philanthropie à la française?’, conference coordinated by François Duvoux, Sciences Po, Paris, 9 April 2015, see: [http://www.sciencespo.fr/liepp/sites/sciencespo.fr/liepp/files/Une%20philanthropie%20a%CC%80%20la%20franc%CC%A7aise%20PBAS\\_1.pdf](http://www.sciencespo.fr/liepp/sites/sciencespo.fr/liepp/files/Une%20philanthropie%20a%CC%80%20la%20franc%CC%A7aise%20PBAS_1.pdf)
15. M. Dogan, ‘Is there a ruling class in France?’, *Comparative Sociology*, 1, 17–89, 2003
16. G. Moore, ‘The structure of a national elite network’, *American Sociological Review*, 44, 673–92, 1979

## Economics and inequality: two problems of social democracy

*Avner Offer, Chichele Professor of Economic History at the University of Oxford*

Social democracy is a powerful movement which has informed public policy since the interwar years. It reached the height of its influence during the 1960s. Since then it has increasingly been challenged by the doctrines of market liberalism. This persistence presents two puzzles: first, that it is sold short by its own side, intellectually, socially and politically. It has few advocates in the academy, it has little presence in popular culture and consciousness, and the political parties which bear its name have renounced it. The second puzzle is that its adversaries continue to deploy it and rely on it. It continues to shape the allocation of public expenditure in most advanced countries, at levels that are not very different from those achieved in its heyday. The argument here is that both of these puzzles need to be considered in terms of the normative role of the economic doctrines.

The long thrust of public policy has been towards greater equality. Equality before God, before the law, a universal franchise, and an equal civic entitlement to education, healthcare, pensions and social insurance. In contrast, the core doctrine of economics is that every agent stands alone as an individual with something to sell. In reality, however, everybody goes through periods of unavoidable dependency in the course of the life cycle: during motherhood, infancy, childhood, education, illness, disability, unemployment, old age. The policy problem is not redistribution, it is how to transfer resources from producers to dependents over the life cycle.

***The policy problem is not redistribution, it is how to transfer resources from producers to dependents over the life cycle***

The economic solution is financial transfers from the individual to himself over the life cycle, by means of borrowing, saving and dis-saving in financial markets. This assumes access to credit, insurance, costless transactions and no cheating. The policy implication is that dependency can be dealt with by buying and selling in the market. How do we know? The faith in markets comes from economics, and economics is underpinned by a Nobel Prize in that discipline. The core doctrine of economics is that individual self-interest scales up to social harmony (by means of an 'invisible hand'). But the premises are unrealistic, the models are inconsistent and the predictions often wrong. They have given rise to harmful outcomes, to financial disorder and rising inequality. Maybe they are just wrong? In that case, there is no theoretical warrant for market liberalism.

In contrast, social democracy is a financial innovation which provides an alternative to markets. Dependency is certain. The risk is not individual but actuarial and is well understood. The solution is not individual but collective as well, by means of risk pooling. This is underpinned by a norm of reciprocal obligation – everyone benefits in turn. The mechanism is not the financial market but a reciprocal club or state agency. The method is of cash transfers from producers to dependents in the present, financed by pay-as-you-go progressive taxation. The levels of payment are determined democratically.

Social democracy endures because there is no viable alternative for what it does. That is why it is retained by its adversaries. The only alternative sources for welfare transfers are the dividends and capital gains of publicly traded companies (corporate bonds are no different in this respect from government ones, in that they pay the prevailing interest rate adjusted for risk). But financial markets are not large enough to support welfare transfers. In the United States for example, at the height of the stock market boom between 1990 and 2005, the resources in question amounted to less than 5% of GDP per year, while federal welfare transfers were more than twice as high. Moreover, these revenues were already providing for the welfare requirements of the better-off. The social democratic resource is the tax base, which is much larger, more robust and more stable than financial markets. Its transfers were much less costly than trying to lock in personal financial entitlements for decades in advance. The persistence of social democracy is attested by the high levels of general government expenditure in most advanced countries, with percentages in the high 40s or low 50s of GDP in most advanced countries, except for the United States and Switzerland, where healthcare is not provided as a public service. The United Kingdom also has an intermediate level, at around 43%. Despite the perception of decline, in the years since the financial crisis, these percentages have been rising, and are best considered as being counter-cyclical rather than as being on a rising or declining trend.

What has risen into dominance is the ideology of market liberalism. This is a 'Just World Theory', which, like all such theories, assumes that everyone gets what they deserve. It is also theorised in the scientific form of neoclassical economics, which is celebrated by the Nobel Prize. The assumption is that market payouts are all properly earned and constitute rewards for labour and ownership. Such payouts are therefore ethically deserved. This doctrine sanctifies inequalities of income and wealth. It also claims to deliver economic efficiency. The claim is that the free market economy constitutes a natural order which is both efficient and just. Hence it is futile to resist.

But economists are not inherently conservative. An analysis of Nobel Prize winners in Economics shows that conservative and liberal prize winners are matched equally in numbers, with liberal ones being somewhat better cited. Surveys of opinions among economists indicate that the mechanical Nobel Prize balance is actually biased to the right. A succession of surveys from the 1970s onwards in the United States and Europe have shown repeatedly that about two-thirds of practising economists lean towards social democratic values, while only a third hold views that one would associate with the University of Chicago. On the other hand, it is not clear that these left-leaning economists apply their values in their work. The real dividing line lies not between the left and the right-wing economists, but between economics and social democracy. Social democracy is under-theorised, but has worked reliably through the decades. Economics is highly theorised but empirically unimpressive.

*The real dividing line lies not between the left and the right-wing economists, but between economics and social democracy*

The second puzzle is why Social Democratic parties have turned their backs on this doctrine. Instead of mitigating dependency, the so-called political centre-left has stigmatised dependents in the last twenty-five years. Bill Clinton ended 'welfare as we know it' and strove to privatise Social Security in the United States. He failed to implement a viable healthcare system and his wars on drugs and on crime filled the prisons with some of the poorest members of society. In the UK, Tony Blair maintained the Thatcherite policies of running down public housing, privatising pensions and suppressing unions through his 'flexible labour market' race to the bottom. He picked fights with public sector workers, teachers and nurses. He continued to marketise and outsource healthcare, education and the public services. The private-public partnerships under his regime were a windfall to finance and costly for taxpayers. It would be wrong to blame these particular individuals: in every country in the developed world, Social Democratic politicians bought into the market model of welfare. It requires a global explanation, not one that is specific to a single country.

Was the left conversion to market liberalism a matter of conviction or of self-interest? Arguably it was a bit of both, and a clue is provided by Thomas Frank in his book *Listen, Liberal* (2016). He describes how the left morphed in the 1970s from the party of social democracy to the party of meritocracy. Education expanded during those years together with credentialised employment. As the economy shifted from manufacturing to services, professional work became more salient, and political leaders perceived themselves analogously as credentialised meritocrats. Professionals regard themselves as expert custodians of a body of knowledge and reject outside scrutiny and criticism. For example, economics constitutes an eight-department,

three-journal, North American cartel. In economics, as in other credentialised occupations, ranking is by cleverness, and the clever acquire a sense of entitlement. That makes them complacent about inequality.

The Nobel Prize is a pinnacle of meritocracy which also provides a hallmark of quality for theory. This theory split in two around the 1970s. On the one side was a perfect information/good faith equilibrium economics we have already described. Its outcomes were ethical, and it justified markets free of regulation and control. In response to the development of social democracy, economics also developed asymmetric information economics. In this doctrine outcomes were no longer equitable. Cheating was possible, indeed it became the norm and as a consequence some people got what they did not deserve. Market trading no longer implied a good faith response to objective market signals, but was motivated by bad faith and cleverness, or as one Nobel Prize winner put it, by 'opportunism and guile'. These norms were interpreted to justify a predatory meritocracy of executives, bankers, lawyers, prosecutors, doctors, politicians and economists. They provided a licence for corruption and injustice. Inequality was taken as efficient. Meritocrats despised the noncredentialled and regarded them as voting fodder.

*Social democracy is under-theorised, but has worked reliably through the decades. Economics is highly theorised but empirically unimpressive*

In 1972, David Halberstam published *The Best and the Brightest*. He described how the United States was led into the mire of Vietnam by highly credentialled academics from the best American universities. The Nobel Prize in Economics is also awarded to the best and the brightest. Chicago and Ivy League academics in combination with Wall Street economists and bankers facilitated the financial crisis of 2008, or failed to see it coming. Cleverness is futile if the doctrine is wrong, if meritocracy has no merit. That market doctrines may be wrong is suggested by the configuration of current politics. Life-cycle insecurity has worsened: it is expanding in housing, healthcare, employment and pensions. Political counter-movements have attracted large numbers of voters: on the left those who voted for Sanders, Corbyn, Syriza and Podemos. On the right, the noncredentialled have revolted in support of Brexit and Trump.

If the drivers of these revolts are insecurities, then social democracy has a fix, which is to restore the commitment to economic and life-cycle security. This may not be cheap, but arguably may be cheaper than the alternative. Moreover, it can be implemented by means of the existing fiscal and social welfare mechanisms of the welfare state. But the window will be open only as long as this mechanism exists and has not been dismantled by its enemies in the populist right.

## Is culture or economics at the root of our strange politics?

Martin Sandbu, Economics editorial writer at the Financial Times

Among centrists who have watched with horror the rise of nativist, populist political forces bent on tearing down the multilateral liberal order, there is a debate about how best to understand the aggressiveness of the insurgent groups. This barely contained anger is directed at national and international elites, at the very idea of common rules that bind the nation state, at foreigners, minorities, 'experts', urban tastes and modern values such as gender equality and tolerance for non-traditional sexualities and lifestyles.

*What needs to be told is ... how economic changes have helped awaken a class consciousness of sorts, for a group with certain cultural values*

Is this wellspring of frustration at bottom a cultural phenomenon, a backlash that was bound to come from those with traditional values against the West's long social liberalisation? Or is it an economic one, triggered by the chronic stagnation for part of the West's white working class and the acute crisis brought on by the global financial collapse?

It is a bit of an ill-posed question. Both forces can be at work in parallel with similar effects. And more interestingly, because cultural and economic forces can obviously interact.

In a recent lecture, Raghuram Rajan thoughtfully tells one such story of combining forces. Trade liberalisation harmed certain groups in rich countries in a particularly concentrated way leading to social as well as economic breakdown. The financial crisis fuelled an insurrection against governing elites, leading to support for those promising to knock them down to size in the name of 'the people'. Finally, this insurrection has turned out to be nativist and xenophobic or racist because relative inequality matters, and the group that sees its standing slip fears falling behind the ones that have always been behind them. In short, an economic shock playing into cultural prejudice.

While the reality is of course complex, it is essential to try to disentangle the specific causal roles and the relative causal importance of economics and culture. Partly for the simple reason of understanding better what is happening: the division over this is a mini-culture war in its own right. But most importantly, because it determines what policies are appropriate to address the rising polarisation of our societies.

There is a deeper, intuitive reason to doubt the 'primacy of culture' account that what we're seeing is at its core a backlash against social liberalisation (although it is of course also that). What has to be explained is not just that people with certain values vote a certain way, but that they have – with surprising speed – coalesced into a self-conscious voting group with a mix of economic and cultural grievances that populist politicians have anointed themselves tribunes for.

What has to be explained, in other words, is how a certain group of voters in several countries switched in short order from voting for the liberal centre to the populists, such as the UK's 'white van man' voting for Brexit after supporting Tony Blair in previous decades, or those in the US switching their allegiance from Barack Obama in 2008 and 2012 to Trump in 2016. Above all, these groups have become conscious of themselves as a political group, self-identifying as the 'forgotten' men and women of the 'real', 'genuine' population whom elites have betrayed.

*A number of changes in the economy have aligned to affect a particular group negatively. This group has not been singled out by ... design, but it ... may perceive it to be so*

The fact that this has happened before, in the 1930s, and that it has happened so fast, in just a decade, makes it implausible to see the phenomenon as, at root, a function of the social changes in the West since the 1960s. What needs to be told is a story of how economic changes have helped awaken a class consciousness of sorts, for a group with certain cultural values.

### **How economic change created populism's army of the 'left behind': de-industrialisation and inequality have affected similar groups across the West**

Economic change has led to strikingly similar groups consciously identifying themselves in angry opposition to traditional parties. Their frustrations are both economic and cultural.

A rise in inequality and then a stagnation following the global financial crisis made conditions ripe for antagonism between groups *however* defined, as a scramble for scarce resources intensified. But there are a number of changes in the economy that have aligned to affect a particular group negatively. This group has not been singled out by anyone's design, but it is understandable that it may perceive it to be so.

First is what economists call skill-biased technical change. This is technological progress in production techniques, with the particular feature that as this increases how much can be produced with a given amount of labour, it does so in ways that intensifies the use of skilled labour while making do with less unskilled labour. New machinery, robotisation, computer-assisted production of not just goods but services (think logistics and analytical work) make use of less labour overall, but require the labour that is needed to be skilled enough to manage the increasingly complex technologies.

A bias in favour of skill is also a bias against the unskilled. When the rewards for knowledge or skill grow, those with little education are left behind.

*All those characteristics together ... delineate particular communities: people who benefited most from the heyday of labour-intensive industry and postwar social democracy ... and who have lost the most from the big economic changes since then...*

Second, the source of inequality is to some extent an effect of barriers to competition. Economic structures that create such barriers concentrate market rewards among those who can defend their own place inside the barriers and exclude challengers and newcomers. In the US, this seems to be an effect of growing market power of powerful companies and politically created protections of vested interest.

In several European countries, the barriers are between insiders and outsiders in the labour markets. Some workers enjoy strong protections and a good share of economic

output, whereas outsiders who have to get by on unprotected short-term contracts – since the protected kind has become unprofitable for companies to offer – are left with little bargaining power and therefore precarious, poorly paid work.

But whatever the source of barriers to competition, the effect is always the same. When economic rewards are tied to positions that are artificially restricted, everyone depends on the gatekeepers that determine access. The more barriers, the more connections and credentials (broadly understood) matter. So as many Western economies have become less competitive, the unconnected and the uncredentialed have naturally been pushed aside. Those who feel like forgotten men and women are not unjustified in feeling so.

Third, de-industrialisation has had a particular effect on the economics of place. The era of industrial mass employment had a certain geographical structure, and its demise has had geographically distributive consequences. This is most visible in

the new evidence on the ‘China shock’ in the US. This has revealed that areas particularly exposed to competition from Chinese import penetration, after China joined the world trading system, suffered much more concentrated and long-lasting harm than economists had predicted. It turned out that different communities were less economically connected, and the people in them less able to chase jobs elsewhere, than previously thought. The result was that the burden of de-industrialisation was not spread across bigger regions or the country as a whole.

Automation or labour-saving technology has been a greater force for de-industrialisation than trade, but both can harm industrial communities. And the harm has been devastating in some cases. It seems clear that the opioid epidemic, with its ‘deaths of despair’, is a particularly shocking signal of social dysfunction following local economic collapse. While this is most egregious in the US, it is clear that economic change has broken local communities in many places in Europe too.

*... if inequality and stagnation intensify the divisions between groups, it is vital to do better in creating prosperity for all*

This in itself is a bias in favour of certain types of places (metropolitan cities and university towns that are suited for a more knowledge-intensive economy) and against others (smaller former industrial cities and their hinterlands). But it is also a bias against certain individuals. The changing economics of place favour those who are not just able to move away because of their skills, but willing to do so because of their psychological attitudes. This is due to a greater openness to change, perhaps, or tolerance for the differences the biggest cities contain, or a weaker sense of being tied to community and family.

And finally, our economies are changing in a way particularly relevant to men: with industry needing less labour and ageing populations more in need of care, much job growth will come in jobs traditionally seen as women’s work. Countries and individuals more comfortable with male carers will be able to navigate it; those who resist, won’t.

To sum up: the big economic changes transforming Western societies during the past three to four decades have worked against the low-skilled, against the uncredentialed and those lacking social connections to economic gatekeepers (i.e. ‘the elite’), against those loyal or tied to places in decline, against those less comfortable with changing themselves or the change in the world around them, and finally against men with traditional conceptions of men’s and women’s work.

Put all those characteristics together and you see that they delineate particular communities: people who benefited most from the heyday of labour-intensive industry and postwar social democracy – lower-skilled native men – and who have lost the most from the big economic changes since then – the uncredentialed and those (in particular men) most set in old ways and places. This group has always also been culturally delineated – call it the culture of the white working class and those who affiliate themselves with it. That includes those who hail from it but have escaped its economic fate, such as the small business owners and tradespeople among whom populist support is strong.

What is crucial to note is that it is those culturally least disposed to the social changes the West has undergone in the past half century who have also been least able to cope with the economic transformations taking place in the same period – in part because of those cultural dispositions.

That any group identification becomes stronger and more antagonistic under economic stress is not surprising. That a group which finds itself at the sharp end of a series of economic changes arrives at a political self-identification that is particularly strong and antagonistic, and couched in cultural reaction, should not come as a shock either.

### **How to bring along the left behind: economic strategies with a cultural tinge are needed to tackle polarisation in society**

How we understand the causal role of each culture and economic factor determines what policy response we should try to fashion to reverse the polarisation of Western societies.

Like the causes, it may superficially seem as if the responses, too, ought to be economic. But that is true only up to a certain extent.

Two imperatives can be stated up front – if inequality and stagnation intensify the divisions between groups, it is vital to do better in creating prosperity for all. That means being more ambitious both in keeping aggregate demand high and combating rising inequality than Western countries have been in recent decades. That requires a suite of policies, some of which have to be quite radical to be up to the task. Nationalised money supply and universal basic income are policy tools whose time may have come.

But this does not directly address the economic forces which have aligned strikingly against one particular group: skill-biased technical change, increased market power and rent-seeking, a changing economics of place due to de-industrialisation, and economies moving towards greater emphasis on care and knowledge-based services. Not all of these can be reversed, but the most polarising effects of them can.

Skill-biased technical change is the best understood. It will not stop, nor should it because it is a source of labour productivity growth and hence potentially higher incomes for all. But societies must adapt to it, and it is no secret how. It is a commonplace that countries need strong education systems that better equip the entire population with skills rewarded by a more knowledge-based economy. But action – and in particular the required public funding – must follow the words.

*It is a commonplace that countries need strong education systems that better equip the entire population with skills rewarded by a more knowledge-based economy*

The rise in rent-seeking, which tends to exclude those without credentials and connections to the economic gatekeepers, has deepened divisions between insiders, or ‘the elite’, and outsiders. In contrast to technological progress, it can and should be reversed.

The right response is a renewed policy of trust-busting adapted to today’s economy. The US needs a 21st-century Theodore Roosevelt willing to break down the barriers to competition that investors may love but that hold back economic growth and most importantly hurt people unevenly, depending on whether they have the cunning or (more likely) connections to be inside the barriers or outside. In Europe, the problem is often one of segmented labour markets that cushion fortunate insiders at the expense of outsiders condemned to precarious work.

The economics of place is the trickiest problem to address. As Chris Giles rightly remarks, ‘encouraging people to leave [declining areas] is toxic for the left behind. Forcing people to stay is worse.’ But the solution must clearly involve two things. The first is to maintain high-quality infrastructure. Infrastructure is often the physical prerequisite of important public goods that become more important only when private activity is in decline. Particular attention must be paid to the infrastructure that makes it easier for the local population to avail itself of new economic opportunities – proper internet connectivity comes to mind. Julian Glover has explained well why infrastructure is never sufficient to rescue places in decline. But it is surely necessary.

The second thing is a sufficient source of aggregate demand *locally*, so that there is a market for the new activity, most likely services, that ideally replaces what is in decline. This is important to combat the bias that economic changes have in favour of those willing and able to move and embrace change and against those culturally or psychologically more tied to their local community. Again, universal basic income could be useful; so, too, could regional aggregate demand policies.

Finally, what about the changing nature of jobs? The mass production of things will employ ever fewer people; knowledge-intensive services and professional care will employ ever more. Because the proportion of men and women will not change notably, this will require abandoning the traditional gender roles in the workplace to keep employment high. Many societies clearly struggle with this, and not just the

*Particular attention must be paid to the infrastructure that makes it easier for the local population to avail itself of new economic opportunities*

usual suspects. The US's problem with women's equality is well known; the hidebound gender segregation in the German labour market, not so much.

This, then, is where economic policy hits up against cultural limits. But look more broadly, and culture affects the effectiveness of the other policies too. A different social understanding of the value and nature of skills and knowledge, or of the role and responsibility of business in the

economy, and of the desirability of smart government investment in public goods – all of these affect not just the likelihood that good economic policies will be passed and implemented, but how well they will work. Even if the causes of our present problems are economic, many of the answers will be cultural.

## Lessons from societal psychology for times of economic inequality and political populism

*Jennifer Sheehy-Skeffington, Assistant Professor of Social Psychology at the London School of Economics and Political Science*

Addressing the question of how the field of psychology can provide insight for policy-makers into people's complex experience of inequality brings forth three general recommendations, each of which touch on pertinent recent research.

### 1. Consider people in context

The first recommendation may sound obvious: that individual behaviour is best understood by considering people as they are influenced by their surrounding context. Indeed, the big contribution of the late 20th-century rise of social psychology was to shift behavioural science towards a focus on the impact of environmental factors on behaviour. It is now widely accepted in psychology and related social sciences (such as economics) that what a person does is a product not only of their personal characteristics and preferences, but also of what is going on around them. This includes how they perceive the immediate presence of others, the organisation of which they are a part, and their wider social group memberships.<sup>1</sup> Psychology research taking an explicitly 'societal' perspective pushes this even further, attempting to take into account how behaviour is affected by one's socioeconomic position, the surrounding national culture, and historical and political conditions.<sup>2</sup>

One growing area of research in this tradition is the experimental study of the psychology of poverty.<sup>3</sup> This began in behavioural economics, with an attempt to understand why so many of those living in poverty engage in behaviours, such as taking out high-interest loans, skipping medication and spending money on cigarettes, that harm their long-term well-being.<sup>4</sup> Departing from perspectives that considered such apparently 'irrational' decisions as the product of deficient intelligence, education or values, researchers asked questions about the extent to which behaviour might be affected by the experience of poverty itself. In a set of experiments, middle-income people who were randomly assigned to experience having very little (versus plenty of) resources behaved similarly to those on low incomes in the real world: borrowing sub-optimally from the future and performing poorly on cognitive tasks. The authors conclude that resource scarcity imposes a high cognitive load, causing people to focus on the scarce resource in the moment, at the cost

of considering smart options for enhancing their future well-being.<sup>5</sup> Poverty affects not only thinking, but also one's feelings and motivations: dealing with the stress of financial need and its attendant instability diminishes one's life satisfaction, self-esteem, ability to work toward goals, and even the extent to which one can be the kind of parent one wishes to be.<sup>6</sup> Rather than being merely a case of cognitive damage, emerging research suggests that poverty tunes one's psychology to addressing pressing needs.<sup>7</sup> One way in which this happens is by shifting one's focus away from the future and abstract causes such as the societal good, towards people and needs in the here and now.<sup>8</sup>

*Research into the psychology of poverty ... shows how societal conditions radically shape one's cognitive and emotional experience, and with it the decisions one is likely to make*

Research into the psychology of poverty matters for policy as it shows how societal conditions radically shape one's cognitive and emotional experience, and with it the decisions one is likely to make. Knowing that harmful behaviours are triggered by the experience of poverty reveals how reducing poverty and increasing government support can benefit people both directly, by improving quality of life, and indirectly, by facilitating decision-making focused on long-term goals.<sup>9</sup> To the extent that

poverty or financial instability triggers a psychological shift toward those socially close at the cost of others,<sup>10</sup> economic empowerment might stem the rise of xenophobia among those hardest hit by the Great Recession.<sup>11</sup> The general lesson for policy-makers is that there need be no trade-off between considering structural factors versus individual factors in attempting to enhance well-being or to understand surprising behaviours. Combining psychology's focus on the mind with the societal focus of other social sciences reveals how individual experience is intertwined with what is happening in wider society.

## 2. Consider people as humans

The second recommendation is to consider how citizens across nations share the same underlying human nature. All humans in the modern world possess a mind that evolved at a time when we lived in small bands of hunter-gatherers, and their resulting behaviour is affected by this evolutionary inheritance. Though seemingly an intuitive point, this insight is commonly misunderstood as claiming that our behaviour or patterns of social organisation are somehow biologically determined and impervious to change. On the contrary, the staggering diversity in human experience and behaviour is a product of the interaction between a universal

psychological architecture and societal and cultural conditions that vary with location and historical time.<sup>12</sup> Just as we need to consider how political and economic conditions shape the behaviours of populations, we also need to take into account how popular political dynamics bear the signature of evolved human psychology.<sup>13</sup>

One key aspect of this evolutionary inheritance is the universal psychology of social coalitions. Just as our primate ancestors can detect their position in within-species alliances, so even infants with no exposure to society detect who is in their social group and who is not.<sup>14</sup> Importantly (and in line with the fact that hunter-gatherers did not travel at a global scale), there is nothing ingrained about visible differences in racial background as a marker of who is in one's coalition. Rather, it is perceptions of interdependence (leaning on each other) and behavioural synchrony (moving with each other) that signal which people are 'with us' and which might be 'against us'.<sup>15</sup> This means that economists and politicians are wrong to assume that societies with growing ethnic diversity will necessarily have lower levels of support for universal welfare programmes.<sup>16</sup> In fact, if one can engender a sense of all citizens depending on one another and acting together towards a shared goal, one might trigger identification with the coalition of the nation state (or even the multinational body) and the cross-society solidarity that comes with it.<sup>17</sup> The question of how to maintain cohesion in times of rising immigration thus critically depends on considering how population sentiment is a product of a set of evolved human minds responding to societal change in predictable ways.

*... the desire for power over one's life and what happens in it is pervasive, and experiences of powerlessness will trigger potent reactions*

Considering human nature also highlights our universal sensitivity to power and social status. Not only chimpanzees, but also human infants, have an intuitive understanding of dominance hierarchies and what it means to occupy a high or low position in one.<sup>18</sup> Consistent with this, decades of research in social psychology teaches us that all sorts of behaviour is affected by, on the one hand, how much social power one has,<sup>19</sup> and on the other hand, one's desire to enhance one's social standing in relation to others.<sup>20</sup> The first implication of this research is that the desire for power over one's life and what happens in it is pervasive, and experiences of powerlessness will trigger potent reactions. The second implication is that economic inequality, by increasing the salience of one's relative socioeconomic position, triggers a form of status anxiety. Combining these insights, my own research suggests that

*... economic inequality, by increasing the salience of one's relative socioeconomic position, triggers a form of status anxiety*

regardless of one's actual income, thinking that one is earning far less than others in one's society diminishes one's sense of power and control over life outcomes, and does so even more as inequality increases.<sup>21</sup> The potency of populist appeals to 'take back control' of national borders may thus hinge in part on how such messages interact with our evolved sensitivity to power and status – facets of human nature that need to be considered in political efforts to reassert globalist democratic values.

Considering people as humans means considering how we share the innate capacity to aggress against competing coalitions or compete for status on the one hand, and to express empathic solidarity and openness on the other. The challenge for democracies founded on liberal values thus becomes one of using knowledge of evolved psychology to figure out which political institutions and socioeconomic conditions can bring out the 'better angels of our nature'.<sup>22</sup>

### 3. Consider people as individuals

The third key recommendation is to pay attention to the ways in which people differ in terms of their enduring personality and social relational preferences. This recommendation acts as a balance to the previous two, holding that although context shapes evolved humans in predictable ways, it nevertheless affects some individuals differently from others.

One of the most widely known frameworks for understanding individual psychological differences is found in research on personality, which focuses on the five key dimensions of openness, extraversion, agreeableness, conscientiousness and neuroticism.<sup>23</sup> It is easy to see how small-scale social behaviour is affected by the extent to which one is open to new experiences or enjoys meeting or interacting with people, or how job performance might depend on the extent to which one tends to be highly attentive or anxious about tasks. What is less intuitive is how these characteristics might matter for political preferences that feed into large-scale societal change. Yet it is precisely the political application of personality models that may shed the greatest light on the way the populist electoral surprises of 2016 were achieved. The central plank of the method used by the political consulting firm which is thought to have made a large contribution to the voting outcomes of the Brexit referendum and the US presidential election – Cambridge Analytica – is to target political messages with the use of individual personality preferences harvested from online behaviour.<sup>24</sup>

There is also important research ongoing in the study of individual differences in preferences that are more overtly political. Theories in the psychology of ideology are converging on the observation that left–right political preferences are underpinned by the core dimensions of how open one is to change, and how accepting one is of inequality.<sup>25</sup> The populist campaigns of 2016, whether through nostalgic appeals to a more homogenous and self-reliant Britain before the EU, or presidential campaign promises to 'make America great again', show the role of attitudes towards change, in the form of perceptions of societal decline or a need for a radical break from the establishment. Attitudes towards inequality are also key: my own research has shown how one's underlying support for (versus opposition to) inequality shapes one's very perception of how much inequality there is in the first place, thus contributing to political polarisation when it comes to how best to respond to it.<sup>26</sup> One psychology model digs deeper than these core dimensions of social relational preferences, analysing the underlying role of individual differences in the strength of core desires to understand the world, to make meaningful sense of it and to relate to others.<sup>27</sup> The lesson for policy-makers is that it is not enough to gauge conventional policy preferences and political orientation in order to understand complex attitudinal shifts that accompany populist responses to economic inequality; one needs to consider the dynamics of people's underlying feelings about equity, about change and even about what makes life meaningful.

*One needs to consider the dynamics of people's underlying feelings about equity, about change and even about what makes life meaningful*

### Conclusion

The above is a mere overview of some considerations to keep in mind as policy-makers work to make sense of people's experience of inequality in the context of the rise of political populism in European and other advanced democracies. Through staying alert to research that considers evolved psychology and differences at the individual level, alongside forces at play in the wider societal context, social scientists might get closer to a holistic, nuanced picture of prospects for liberal democracies in the 21st century.

1. E. Aronson, *The Social Animal*, New York, W.H. Freeman, 1995; P.M. DeMarzo, D. Vayanos and J. Zwiebel, 'Persuasion bias, social influence, and unidimensional opinions', *The Quarterly Journal of Economics*, 118:3, 909–68, 2003
2. C. Howarth, C. Campbell, F. Cornish, B. Franks, L. Garcia-Lorenzo, A. Gillespie ... and J. Mannell, 'Insights from societal psychology: the contextual politics of change', *Journal of Social and Political Psychology*, 1:1, 364–84, 2013; S. Kitayama and D. Cohen (eds), *Handbook of Cultural Psychology*, Guilford Press, 2010; S. Oishi, 'Socioecological psychology', *Annual Review of Psychology*, 65, 581–609, 2014; J. Sheehy-Skeffington, 'Behavioural insights in the age of austerity: how the new "psychology of poverty" can help us to stay focused on society', *Angle Journal*, 13, 2015
3. S. Mullainathan and E. Shafir, *Scarcity: Why Having Too Little Means So Much*, Macmillan, 2013; J. Sheehy-Skeffington, 'Decision-making up against the wall: a framework for understanding the behavioural dimension of low socioeconomic status', in: S. Oishi and A. Uskul (eds), *The Socioeconomic Environment and Human Psychology*, Oxford, Oxford University Press, in press; J. Sheehy-Skeffington and J. Haushofer, 'The behavioural economics of poverty', in: *Barriers and Opportunities at the Base of the Pyramid: Prospects for Private Sector Led-Interventions*, Istanbul, UNDP Istanbul International Center for Private Sector in Development, 2014
4. M. Bertrand, S. Mullainathan and E. Shafir, 'A behavioral-economics view of poverty', *The American Economic Review*, 94:2, 419–23, 2004
5. A.K. Shah, S. Mullainathan and E. Shafir, 'Some consequences of having too little', *Science*, 338:6107, 682–85, 2012. See also: A. Mani, S. Mullainathan, E. Shafir and J. Zhao, 'Poverty impedes cognitive function', *Science*, 341:6149, 976–80, 2013; and Mullainathan and Shafir, *Scarcity*, op. cit.
6. J. Sheehy-Skeffington and J. Rea, *How Poverty Affects People's Decision-Making Processes*, Joseph Rowntree Foundation, 2017; J. Haushofer and E. Fehr, 'On the psychology of poverty', *Science*, 344:6186, 862–67, 2014
7. W.E. Frankenhuis and C. de Weerth, 'Does early-life exposure to stress shape or impair cognition?', *Current Directions in Psychological Science*, 22:5, 407–12, 2013; Sheehy-Skeffington, 'Decision-making up against the wall', op. cit.
8. Sheehy-Skeffington and Rea, *How Poverty Affects People's Decision-Making Processes*, op. cit.
9. J. Haushofer, 'The price of poverty', *Foreign Affairs*, July, 15, 2014; Sheehy-Skeffington, 'Behavioural insights in the age of austerity', op. cit.
10. Sheehy-Skeffington and Rea, *How Poverty Affects People's Decision-Making Processes*, op. cit.
11. See also: H. Carvacho, A. Zick, A. Haye, R. González, J. Manzi, C. Kocik and M. Bertl, 'On the relation between social class and prejudice: the roles of education, income, and ideological attitudes', *European Journal of Social Psychology*, 43:4, 272–85, 2013
12. S. Pinker, *The Blank Slate: The Modern Denial of Human Nature*, New York, Viking, 2004; B. Franks, *Culture and Cognition: Evolutionary Perspectives*, Palgrave Macmillan, 2011
13. J. Sheehy-Skeffington, 'Human nature in society', *British Academy Review*, 28, Summer 2016
14. Y. Bar-Haim, T. Ziv, D. Lamy and R.M. Hodes, 'Nature and nurture in own-race face processing', *Psychological Science*, 17:2, 159–63, 2006; F. De Waal, *Chimpanzee Politics: Sex and Power Among Apes*, London, UK, Jonathan Cape, 1982; L.J. Powell and E.S. Spelke, 'Preverbal infants expect members of social groups to act alike', *Proceedings of the National Academy of Sciences*, 110:41, E3965–72, 2013
15. See, for example, Powell and Spelke, 'Preverbal infants expect members of social groups to act alike', *ibid.*; R. Kurzban, J. Tooby and L. Cosmides, 'Can race be erased? Coalitional computation and social categorization', *Proceedings of the National Academy of Sciences*, 98:26, 15387–92, 2001; D. Karp, N. Jin, T. Yamagishi and H. Shinotsuka, 'Raising the minimum in the minimal group paradigm', *The Japanese Journal of Experimental Social Psychology*, 32:3, 231–40, 1993
16. A. Alesina and E.L. Glaeser, *Fighting Poverty in the US and Europe: A World of Difference*, Oxford University Press, 2004; D. Goodhart, 'Too diverse?', *Prospect Magazine*, 95:30, 7, 2004; R.D. Putnam, 'E pluribus unum: diversity and community in the twenty-first century. The 2006 Johan Skytte Prize Lecture', *Scandinavian Political Studies*, 30:2, 137–74, 2007
17. See S.L. Gaertner and J.F. Dovidio, 'Common ingroup identity model', *The Encyclopedia of Peace Psychology*, 2012; M.B. Petersen, 'Social welfare as small-scale help: evolutionary psychology and the deservingness heuristic', *American Journal of Political Science*, 56:1, 1–16, 2012

18. R.M. Sapolsky, 'Social status and health in humans and other animals', *Annual Review of Anthropology*, 33, 393–418, 2004; L. Thomsen, W.E. Frankenhuis, M. Ingold-Smith and S. Carey, 'Big and mighty: preverbal infants mentally represent social dominance', *Science*, 331:6016, 477–80, 2011
19. A.D. Galinsky, D.D. Rucker and J.C. Magee, 'Power: past findings, present considerations, and future directions', in: M. Mikulincer and P.R. Shaver (eds), *APA Handbook of Personality and Social Psychology: Vol. 3. Interpersonal Relations*, Oxford University Press, 2015
20. J.M. Suls and L. Wheeler, *Handbook of Social Comparison: Theory and Research*. New York, Kluwer Academic / Plenum Publishers, 2000
21. J. Sheehy-Skeffington and J. Sidanius, 'Out of my hands: low socioeconomic status diminishes personal sense of control', Manuscript in preparation, 2017
22. S. Pinker, *The Better Angels of our Nature: Why Violence Has Declined*, Penguin Books, 2012
23. P.T. Costa and R.R. McCrae, *The NEO Personality Inventory*, Odessa, FL, Psychological Assessment Resources, 1985
24. B. Anderson and B. Horvath, 'The rise of the weaponized AI propaganda machine', *Scout*, February, 12, 2017; M. Kosinski, D. Stillwell and T. Graepel, 'Private traits and attributes are predictable from digital records of human behavior', *Proceedings of the National Academy of Sciences*, 110:15, 5802–05, 2013
25. J.T. Jost, C.M. Federico and J.L. Napier, 'Political ideology: its structure, functions, and elective affinities', *Annual Review of Psychology*, 60, 307–37, 2009; C. Kandler, W. Bleidorn and R. Riemann, 'Left or right? Sources of political orientation: the roles of genetic factors, cultural transmission, assortative mating, and personality', *Journal of Personality and Social Psychology*, 102:3, 633, 2012
26. N.S. Kteily, J. Sheehy-Skeffington and A.K. Ho, 'Hierarchy in the eye of the beholder: (anti-) egalitarianism shapes perceived levels of social inequality', *Journal of Personality and Social Psychology*, 112:1, 136, 2017
27. Jost, Federico and Napier, 'Political ideology', op. cit.



Populists across Europe appeal to voters by tapping into a wellspring of anxiety and resentment, much of which is the consequence of voters' experience of multiple forms of inequality. Many people feel caught in the 'tentacles of circumstance' described by the father of US President Lyndon B. Johnson, but they no longer feel that government is helping them wrestle free. To explore the complex effects of inequality on both groups and individuals in European societies, this volume brings together essays by scholars of economic history, sociology, psychology and philosophy. This variety of lenses allows an exploration of both the origins of inequality and the different forms that it takes, which is essential to understanding the uses and abuses of the concept in political debate.

[www.thebridgesproject.org](http://www.thebridgesproject.org)

[www.counterpoint.uk.com](http://www.counterpoint.uk.com)

[www.opensocietyfoundations.org/about/offices-foundations/open-society-european-policy-institute](http://www.opensocietyfoundations.org/about/offices-foundations/open-society-european-policy-institute)

ISBN: 978-1-9999611-0-7