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Conor Clarke

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A Defense of Inequality That Proves Too Much?

I emailed Will Wilkinson with a question about [his new inequality paper](#) a couple of weeks ago, but since he says he's [open to taking questions](#) on his blog, and since I see some of my concerns echoed in Jon Chait's [latest New Republic column](#), I figured I would re-post my question here.

One of the points Will makes in the paper -- a good point, and one that doesn't come up enough -- is that *income* is neither the exclusive nor the best way of measuring inequality. Consumption might be a better measure. As Will puts it: "If we're interested in the overall material well-being of a life, what we really want to know is the quantity of goods and services a person has consumed over the course of his lifetime, and the value to that person of all those goods and services."

And Will makes the point -- accurately, I think -- that consumption inequality doesn't look as bad as income inequality. He argues that inexpensive goods are improving in quality faster than expensive goods, and that the bundle of goods consumed by poor families rises in price more slowly than the bundle of goods consumed by rich families. Will writes:

You can see leveling in quality across the price scale in almost every kind of consumer good. At the turn of the 20th century, only the mega-rich had refrigerators or cars. But refrigerators are now all but universal in the United States, even while refrigerator inequality continues to grow. The Sub-Zero PRO 48, which the manufacturer calls "a monument to food preservation," costs about \$11,000, compared with a paltry \$350 for the IKEA Energisk B18 W. The lived difference, however, is rather smaller than that between having fresh meat and milk and having none. The IKEA model will keep your beer just as cold as the Sub-Zero model.

But my question is this: Doesn't this prove way too much? If rich families are spending an additional \$10,650 for fridges that will offer little in the way of "lived difference," this does not suggest to me that all is peachy in the US of A. It suggests that those rich families have \$10,650 lying around that could be redistributed at little "lived" cost!

So, if Will's argument is that income differences in the United States increasingly fail to translate into commensurate differences in consumption, why isn't this just a brilliant argument in favor of *redistributing more income than we already do*? Perhaps Will Wilkinson of the Cato Institute should be a hero to liberals everywhere!

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