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The Left is wrong: People care about fairness more than inequality

*Does material inequality matter? To ask such a question risks incredulous gasps from those whose daily diet of news includes *The Guardian* and *New York Times*.*

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April 11, 2017

After all, former President Barack Obama described inequality as the “defining challenge of our time”, the Pope has tweeted that “inequality is the root of social evil”, and ex-Labour leader Ed Miliband claimed that addressing it was the “new centre ground of politics”. Concern about inequality has risen in recent years, particularly in the United States.

But an important new paper suggests that humans’ apparent dissatisfaction with unequal outcomes is often a proxy for a very different issue – regarding outcomes as unfair. In fact, the authors of “Why people prefer unequal societies”, Christina Starmans, Mark Sheskin, and Paul Bloom, state that once you account for the separate issue of fairness there is no evidence that people are bothered by economic inequality itself.

This finding stems from a paradox. There is lots of evidence from lab experiments involving a small number of participants suggesting that people prefer equal distributions. In a typical experiment, when six- to eight-year-old children are asked to reward two boys for cleaning up a room by giving them rubbers, they distribute the rewards equally – even to the extent of asking to throw away a rubber if they are told to allocate an odd number.

Yet when it comes to the country as a whole, people’s preferences seem to be against equal distributions. Nobody believes everyone should have exactly the same income or wealth.

The difference can be explained by the fact that most of the lab experiments purporting to show an egalitarian streak in humans are structured such that the equal outcomes are the objectively fair ones. That means the experimentees do not have to consider need or merit.

But when children are told that one person worked harder than another, they are content to allocate unequal rewards. When three-year-olds are asked to reward puppets, they allocate more resources to helpful ones than to ones perceived as “bad” (think those that hit others over the head). In experiments with elements of chance, provided the game structure is fair, people are willing to accept unequal outcomes.

This psychological insight is important because the real world is full of variation in abilities and efforts, chance and a host of moral considerations. In such an environment, human beings do not automatically believe inequality to be unjust. As I have written before on these pages, the Soviet Union, after its nationalisation of banks, forcible redistribution of land, and the gulags, had very low material inequality. Few would consider that desirable.

These findings can perhaps help us understand some aspects of contemporary debates. The fact that the financial crisis and associated bailouts were perceived as unfair is highly likely to account for rising concern about inequality, even in countries such as Britain where distributions have been pretty stable for the past 25 years. If people believe the system is rigged then they will demand corrections.

This explains why those on the left are more likely to be concerned about inequality too. Many socialists believe that capitalism is naturally exploitative. Of course they would consider the outcomes of exchange in such an environment as unfair and in need of correction.

Market liberals on the other hand do not care about inequality per se. We recognise that inequality measures are merely summary statistics reflecting the results of millions of individual interactions, exchanges, endowments and policies, which on their own tell us little about the desirability of outcomes. Instead we should seek to ensure markets are open and competitive, and that we eliminate cronyism and other things we consider unjust in the first place.

Though the market liberal view seems closer to the psychological trait outlined above, there are warnings for both types of outlook as a political agenda. Given people recognise differences in effort, need and merit, a left-wing agenda that assumes life is always better when things are more equal is unlikely to get much public buy-in. But those who imply that observed outcomes are always the result of talent or skill are likely to be regarded as “out of touch” given many observably unjust policies and activities.

To echo Friedrich Hayek, when people believe all variable outcomes are the result of deliberate allocation, they are likely to regard such outcomes as unfair. The key is to prevent this from being the case as far as possible, allowing distributions to depend on what people choose to freely do in the service of others.

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