

# The Economist

## Why aren't the poor storming the barricades?

From the *Democracy in America* blog

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MATT MILLER of the *Washington Post* [has a hunch](#): there hasn't been a "broader revolt" of the underclass against rising income inequality, he writes, because the poor don't experience inequality as intolerable. Pointing to [a Cato Institute report](#) by Will Wilkinson (a fellow blogger for DiA) from 2009, Mr Miller suggests that "technology's impact on quality and prices complicates the way people perceive these matters and how we should judge them":

That's because the surging income gap often masks a narrowing difference in the actual consumption experiences of the rich and the rest of us. 'At the turn of the 20th century, only the mega-rich had refrigerators or cars,' [Wilkinson] wrote. 'But refrigerators are now all but universal in the United States, even as refrigerator inequality continues to grow.'...The difference between the rich man's \$11,000 Sub-Zero 'monument to food preservation' and the poor man's [\\$550 fridge from IKEA](#) is smaller than the difference between being able to enjoy fresh meat and milk and having none. 'The Ikea model will keep your beer just as cold as the Sub-Zero model,' he wrote dryly.

This argument has the ring of a truism, which should elicit suspicion. Yes, any refrigerator is an infinite improvement on none. And, as Mr Wilkinson wrote, "a widescreen plasma television is a delight, but a cheap 19-inch TV is enough to allow a viewer to laugh at *Shrek*." While we're at it, it's better to ingest salty, fat-laden fast food than to starve, and donning a burlap cloak is preferable to tromping around naked in the snow. But is the undeniably significant improvement in the quality of life for the poor and working class enough to explain why Occupy Wall Street fizzled and the fast-food workers' strikes last year were isolated "angry gestures," in Mr Miller's words? Are America's poor telling us that they're only moderately mad and are fine with taking it some more?

Maybe, maybe not. The serfs went centuries with only sporadic uprisings, and a hundred years elapsed before significant slave rebellions erupted in North America. Horrible conditions do not

guarantee revolts, and moderately bad conditions do not necessarily thwart them. The question is what to make of the relative quiescence of America's poor. Is it a mistake for Barack Obama to make reducing [inequality a priority for 2014](#) if there is no revolution of the proletariat in the offing?

No. It is fallacious to argue that because no one is storming the castle, no real injustice exists. But maybe income inequality isn't really a problem. "Overall material well-being" should be our lodestar, the Cato report reads, and an individual's lifetime level of consumption is a better proxy for material well-being than how much money he makes in a given year. While our incomes vary wildly from youth to adulthood to retirement, our level of consumption wanders up and down in a much narrower range. We might borrow money or draw on our savings to maintain a pattern of consumption in lean times, while prime-earning years afford opportunities to build a nest egg. This "consumption smoothing" renders year-to-year income inequality data all but meaningless, some say. Conservatives then [attempt to pooh-pooh rising income inequality](#) by pointing out that inequality in how much people *consume*, the figure to watch, is growing much more slowly.

Recent data shows, however, that consumption inequality is hardly insignificant. In a 2012 paper, Orazio Attanasio and two colleagues at the National Bureau of Economic Research [exposed](#) measurement errors in earlier research. They found that previous studies had seriously underestimated the extent of consumption inequality. "The well documented rise in income inequality during the last thirty years," the report reads, "was accompanied by an increase in consumption inequality of nearly the same magnitude." That goes for food and entertainment spending, home appliances and car purchases—the works.

But leave aside that data for a moment. If we grant that the poor tend to have refrigerators and air-conditioners and cell phones and are objectively better off than their medieval peers, there is still good reason to worry about the rich-poor gap. The trouble with inequality isn't primarily about consumables. As Elisabeth Anderson, a philosopher at the University of Michigan, [pointed out](#) a few years ago, public goods must be considered as well. The more inequality, the less rich and poor citizens tend to see eye-to-eye on these common benefits:

As economic inequality increases, the better off perceive fewer and fewer shared interests with the less well-off. Because they buy many critical goods—health insurance, education, security services, transportation, recreation facilities—individually from the private sector, or pool the provision of these goods within private gated communities or municipalities governed by zoning regulations designed to exclude the less well-off, they tend to oppose public provision of these goods to the wider population.

This is why Mr Obama calling inequality the ["defining issue of our time"](#) has moral resonance. It has nothing to do with the rabble envying Sub-Zero refrigerators. It is not about the iPhone/cheapo-cell phone gap. Inequality is problematic not because it makes some people jealous of others but because it effectively locks millions of people out of opportunities to improve their lives. Ms Anderson put it well: "To live in a low-crime, orderly, unpolluted neighborhood, free of run-down and abandoned property, graffiti-marred buildings, open drug dealing, prostitution, and gangs; to have access to public parks where one's children can safely play, to well-maintained sidewalks and roads, to schools that offer an education good enough to

qualify one for more than menial, dead-end jobs: how many cell phones and athletic shoes is that worth?"

So why are the lower orders twiddling their thumbs while the plutocrats continue their ascent? Maybe the lesson of Occupy Wall Street is that drum circles and pithy slogans accomplish little, in the end. Maybe the underclass is taking their relative plight in stride because they have decent refrigerators. Or maybe the gradual demise of the labour movement and the power differential between rich and poor Americans make it unlikely we will see a raid on the barricades any time soon.