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Inequality riddles

By [Matt Miller](#), Wednesday, January 15, 9:25 AM

We're poised this year for an extended debate on inequality in which the arguments will be entirely predictable. It'll be a national version of a game I used to play with friends when we were younger, in which if you looked at the headline and author of an op-ed in a major paper, you could pretty much recite the piece without reading it. As a foe of the extreme inequality that's corroding our democracy and weakening our economy, and a fan of boosting both the minimum wage *and* the earned income tax credit, I'm sometimes as guilty as the next pundit of this kind of laziness.

But the truth is that inequality has nuances that defy easy categorization. So before we all retreat to the comfort of our talking points, consider two of my favorite inequality riddles.

The first concerns a nagging question that people who fret about inequality ought to ask: If things are as awful as we think they are, why hasn't there been a broader revolt?

Yes, we had Occupy Wall Street two years ago, and fast-food workers have staged one-day strikes across the country more recently, but these protests feel more like angry gestures instead of a sustained uprising against a system that's rigged. With half of all jobs paying less than \$35,000 a year, the wealthiest 400 Americans holding more assets than the bottom 150 million combined and the top sliver of earners enjoying nearly all the gains from growth in recent years, why have most Americans done . . . nothing?

In the classic plea of frustrated advocates of every stripe: [Where's the outrage?](#)

The best answer I've seen came from an eclectic thinker named [Will Wilkinson in an essay for the Cato Institute](#) in 2009. Wilkinson argued 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," he wrote. "But refrigerators are now all but universal in the United States, even as refrigerator inequality continues to grow."

His point? 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.

Likewise, the difference between driving an affordable used car and a lavish new Jaguar “is practically undetectable compared to the difference between motoring and hoofing it.”

“The widening range of incomes . . . can distract us from an often narrowing range of experience,” he concluded.

Can this help explain why we don’t see people storming the barricades? Food for thought.

If my first riddle has a “what, me worry?” ring, my second suggests we nonetheless could be aiming much higher when it comes to tackling income, wealth and opportunity gaps through public policy.

This riddle comes from a [survey by Dan Ariely of Duke and Michael Norton of Harvard Business School](#) on [public attitudes toward income inequality](#).

They asked more than 5,000 people what they thought the current distribution of income was by quintile in the United States and what they thought it should be in an ideal society. The results were fascinating.

First, the respondents grossly underestimated the concentration of wealth in the United States. They thought the bottom 40 percent held about 9 percent of the wealth, and the top 20 percent about 59 percent. In fact (according to a [2010 study by New York University’s Edward N. Wolff](#)), the bottom 40 percent possess only 0.3 percent, and the top 20 percent possess 84 percent.

When it came to the ideal society, people said 32 percent of the wealth should be held by the richest top 20 percent, and 11 percent by the bottom 20 percent. Interestingly, Republicans and Democrats came out similarly on this.

Yet here’s the punchline: This ideal distribution is dramatically more equal than what exists in any society in the world!

What’s more, when Ariely and Norton asked people to choose between the actual U.S. income distribution and a disguised version of Sweden’s, 93 percent of Democrats and 90 percent of Republicans chose Sweden’s.

“We vastly underestimate the level of inequality that we have in America,” Ariely summed up. And, “we want much more equality than both what we have and what we think we have.”

My question: Why aren’t Democrats finding ways to tap into these sentiments to be much more ambitious about policy remedies that might appeal across the spectrum? If Ariely and Norton’s work holds up (and that’s easy to test), it suggests most Americans — including most Republicans — are far more open to bold reforms than anything Democrats are touting.

An intellectually honest debate would acknowledge Wilkinson’s insights. A progressive crusade would build on Ariely and Norton’s. Why am I expecting neither?

We now return to our regularly scheduled clash over inequality. . . .