

Consequences of economic inequality: Introduction to a special issue[☆]

Herman G. Van de Werfhorst^{a,*}, Wiemer Salverda^{a,b,1}

^a Amsterdam Centre for Inequality Studies (AMCIS), University of Amsterdam, Netherlands

^b Amsterdam Institute for Advanced Labour Studies (AIAS), Netherlands

Received 17 July 2012; received in revised form 21 August 2012; accepted 27 August 2012

Abstract

As an introduction to the papers of this special issue on *Consequences of Economic Inequality* we first underline with a simple empirical exercise the relevance of studying the subject of consequences of economic inequality in many socially important fields. Next, we sketch the two main theoretical perspectives on the channels by which inequality exerts its effects: on the one hand, the psychosocial, which stresses the role of individual status and stratification, and, on the other hand, the neo-material, which puts the focus on resources at people's disposal. In our view the two are not mutually exclusive. Thirdly, we present each of the contributions and relate their results to these main perspectives. We find support for the view that inequality can magnify not only the differences between individuals or households in the resources at their disposal, but also the *association* between these resources and politics, well-being and social stratification.

© 2012 International Sociological Association Research Committee 28 on Social Stratification and Mobility. Published by Elsevier Ltd. All rights reserved.

Keywords: Income inequality; Social cohesion; GDP; Politics; Well-being; Social trust

The scientific problem of inequality is at the heart of the discipline of sociology. Patterns of social stratification and mobility have been studied since the beginning of the 20th century, and continue to be on the core academic agenda of the discipline. Economic inequality, referring to inequalities in the distribution of incomes and other economic factors such as wealth, employment

or human capital, is also one of the forms of inequality that have been studied more or less continuously over the past 100 years.

The reason why economic inequalities have been so high on the agenda of sociologists is that inequalities are said to have important consequences that erode social cohesion in society. Inequality leads to political conflicts and revolt, it augments crime rates, and it decreases the solidarity between groups in society. But is economic inequality indeed related to undesirable societal outcomes? And if so, which explanations exist for such associations? Are these explanations substantiated by empirical evidence?

Consequences of inequalities have seen a renewed interest. Increasingly, this now includes also the *economic* consequences (cf. Stiglitz, 2012), but we leave those aside here and focus on the social consequences.

[☆] We thank Sander Steijn from the University of Amsterdam for his assistance in the data analysis and presentation.

* Corresponding author at: Amsterdam Centre for Inequality Studies (AMCIS), University of Amsterdam, Oudezijds Achterburgwal 185, NL-1012 DK Amsterdam, Netherlands. Tel.: +31 20 525 7376; fax: +31 20 525 3010.

E-mail address: H.G.vandeWerfhorst@uva.nl

(H.G. Van de Werfhorst).

¹ Growing Inequalities' Impacts (GINI) Research project: gini-research.org (supported by EU-FP7).

Obviously, this interest builds on the academic, political and societal awareness of and concern over increasing levels of inequalities in recent decades in many societies. In these societies economic inequalities have risen since the 1980s, though the patterns and trends vary between countries, between periods within countries and also between different economic factors (Atkinson & Piketty, 2007; OECD, 2009, 2011; Salverda, Nolan, & Smeeding, 2009). A broader understanding of inequalities concerns distances between individuals and groups not only with regard to their salaries and bonuses and the amount of money in their bank accounts, but also with respect to other indicators of well-being and involvement in society. The ultimate question is, then, whether inequality is related to the level of social cohesion in a society – via various conduits that can serve as indicators. Does rising inequality manifest itself in the political sphere by enlarging differences in political participation between social groups? Do people become less solidaristic in countries with a high level of inequality? Does it affect people's social mobility, their health?

In this special issue we bring together a collection of papers that elaborate on economic inequality and its correlates over a broad range of areas with a bearing on social cohesion, including social solidarity, self-perceived status, democratic attitudes, political participation, intergenerational social mobility, material deprivation, and health. The papers were received in response to an open call in Autumn 2010, which was motivated by our involvement in the *Growing Inequalities' Impacts (GINI)* research project and welcomed by the editors of the journal, which we gratefully acknowledge. In this introductory article to the issue, we have three goals. The first is to underline the relevance of the subject. Here we empirically relate income inequality for a range of countries to eight different areas of social importance and consider the *prima facie* relationship between the level of economic inequality in a society and these social outcomes, which negatively affect social cohesion. Such relationships have earlier been shown by others, including Wilkinson (2005) and Wilkinson and Pickett (2009), but we extend these studies by using more recent data, by systematically controlling for the general wealth of a country, and by examining both the country mean and the within-country dispersion in the areas under study. The second goal is to provide a theoretical frame of reference by reflecting on different theories that have been proposed to explain the relationship between inequality and social cohesion. In particular attention is drawn to two main theoretical perspectives on the channels through which the effects of inequality may run. One perspective argues

that inequality affects outcomes through material processes. According to this 'neo-material' approach to inequality effects, material resources at different levels (e.g. individual, group, or country) are the driving force behind associations between inequality and undesirable outcomes (Lynch, Smith, Kaplan, & House, 2000). The other perspective, by contrast, argues that there are more than just individual or contextual differences in resources that explain why inequality is harmful. That is, inequality is not (only) bad for society because of a stronger dispersion in *resources*, but also because psychosocial and community-based factors are related to inequality, which have effects on social cohesion independent of the (more pronounced) resource differences between households. Finally, our third goal is to introduce the articles brought together in this special issue, and relate their findings to the two broad theoretical perspectives.

1. The relevance of inequalities and social outcomes

It is by now well-known that income inequality is on the rise in many countries. A pressing question arising from this is: is inequality harmful to society? There is much evidence that a wide range of socially significant outcomes is related to the level of inequality in a society (see e.g. Wilkinson & Pickett, 2009). In relatively unequal societies, crime rates are higher (Van Wilsem, 2004), population health is lower (Kawachi, Adler, & Dow, 2010; Kawachi, Kennedy, Lochner, & Prothrow-Stith, 1997), child bullying occurs more often (Elgar, Craig, Boyce, Morgan, & Vella-Zarb, 2009), housing conditions are more disparate (Dwyer, 2009), social trust erodes (Rothstein & Uslaner, 2005), political participation deteriorates (Solt, 2008), and life satisfaction declines (Alesina, Tella, & MacCulloch, 2004; Delhey & Kohler, 2011). Although some debate has been going on as to whether inequality is the driver, or rather wealth (Lynch et al., 2000), most of the cited studies have controlled for GDP per capita as indicator of national wealth. Importantly, not only does inequality vary between countries, but also between regions within countries (e.g. Hanley, 2010). Another complication is that the evolution of inequality differs between fields and may even tend in opposite directions, e.g. growing between the low and high educated² and diminishing between the sexes. Instead of the singular form of inequality we need to study the plural of inequalities. The possible

² Paradoxically, the dispersion of educational attainment seems to be declining at the same time (Meschi & Scervini, 2010).

Download English Version:

<https://daneshyari.com/en/article/1000672>

Download Persian Version:

<https://daneshyari.com/article/1000672>

[Daneshyari.com](https://daneshyari.com)