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Amanda Machin

Nico Stehr *Editors*

Understanding Inequality: Social Costs and Benefits



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S. A. Jansen,

N. Stehr,

E. Schröter,

Zeppelin Universität,

Friedrichshafen, Deutschland

Amanda Machin · Nico Stehr
(Eds.)

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Editors

Dr. Amanda Machin
Prof. Dr. Nico Stehr
Zeppelin Universität
Friedrichshafen, Deutschland

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Introduction

Inequality in Modern Societies: Causes, Consequences and Challenges

Amanda Machin and Nico Stehr¹

The theme of inequality has an unequalled prominence in social science. The discovery of the difference between *social* inequality and *natural* inequality underpinned the very emergence of the social and cultural sciences in the 18th century, and the on-going intellectual effort to understand inequality remains at the heart of many of its projects. Indeed, the possibility of drawing a fixed line between naturally ineradicable differences and socially adjustable ones is growing increasingly suspect, in a world in which developments of medical science and bio-technology challenge what was previously considered as a matter of life's lottery. This issue is rightly gaining attention as the ethical and philosophical analyses of these developments attempt to keep pace with them (cf. Fuller, this volume).

In the twentieth century, the term “social inequality” fell out of use to be replaced by the term “social stratification”. Over the last couple of decades, however, the concept of social inequality has re-assumed its previous dominance. Evidence attests to the pronounced increase of inequality on national and global levels; wealth circulates into the hands of a tiny cosmopolitan elite while a large number of people around the world remain impoverished (Rehbein, 2015: 149). Not only is there sharpening inequality in income but the world and its societies are unequal in many additional dimensions: wealth (cf. Blair and Wallman, 2001; Stiglitz, 2015), health (Lynch, Smith, Kaplan and House, 2000), life expectancy (Wilson and Daly, 1997), infant mortality (Antonowsky and Bernstein, 1977), political participation (Armingeon and Schädel, 2015), capabilities (Sen, 1992) and education (e.g. Neckermann and Torche, 2014).

The robustness and interconnectedness of new forms of inequality demand attention. Not only is inequality on the rise, but research on inequality is bur-

1 We would like to thank Scott McNall, Alexander Ruser, Walter Rothenberger and Dustin Voss for their valuable input to this introduction.

geoning too. Alongside economic analysis, sociological and political approaches have revealed the complexity of inequality and its various manifestations: gender, sex, race, disability have joined class as categories, causes and *effects* of inequality. Growing recognition of the intersection of different types of inequality with each other and with educational opportunities and environmental circumstance has made it difficult to study any particular factor in isolation or to apply a simplistic model of stratification or hierarchy. Economic inequality correlates with political inequality and this can aggravate inequality in terms of social status, access to education, environmental goods, protection from health hazards and citizenship rights. It is not possible to discern valid policies for tackling sharpening inequality before probing its complex mechanisms and manifestations.

This anthology has attempted to collate a representative set of articles on the broad topic of inequality and thus hopes both to highlight some of the interesting and important discussions on the topic and to contribute to them. Our introduction intends to provide a contextual background by giving an overview of some of the major lines of interest that are found in the vast literature on inequality both present and past: (1) the *origins and nature* of inequality; (2) the *empirical* evidence of inequality; (3) the *social and political consequences* of inequality; (4) *emerging patterns* of inequality.

On the origins and the nature of inequality

Nicht der natürliche Unterschied der physischen und chemischen Bodenqualitäten oder unterschiedliche Wirtschaftsbegabung verschiedener Rassen, sondern das geschichtlich begründete wirtschaftliche Milieu ist bestimmend für die verschiedenen Ergebnisse der bäuerlichen Landwirtschaft.

Max Weber, [1904] 1952: 445–446

Of all the vulgar modes of escaping from the consideration of the effect of social and moral influences on the human mind, the most vulgar is that of attributing the diversities of conduct and character to inherent natural differences.

John Stuart Mill, 1848: 379

What is the nature of inequality? Are inequalities natural? If inequalities are rooted in immutable biological fact, then it might be argued that social hierarchy reflects nothing but a natural (or divine) order. These arguments appear with regards to race and gender inequalities, which are explained as genetic, anatomical or hormonal differences. For example, Richard Herrnstein and Charles Murray (1994) argued that major social inequalities in the United States among ethnic groups

can be accounted for by differences in intelligence. Herrnstein and Murray were confident that *innate* intelligence is the major determinant of social and economic success. They conclude, that trying to eradicate inequality with artificially manufactured outcomes has led to disaster. This conclusion of course has been highly contested (cf. Fischer et al. 2007; Koreman and Winship, 2000).

If social inequalities were natural, social inequality research would be obsolete and any political demand to change social order would be rendered pointless. But biology is not fate. It is this recognition that was crucial for the very emergence of social science. Recognition of the role of *social* influences, vis-à-vis *natural* origins, in understanding the diversity that is evidence in any society demanded a focus upon society itself. The origins of social theory in general (cf. Giddens, 1976) are therefore bound up with the social scientific understanding of social inequality. As we will investigate, the social sciences have proceeded to produce a diverse body of tools to conceptualize, observe and challenge inequality.

The capital theory of inequality

It is Jean Jacques Rousseau perhaps more than other thinker who offers the crucial point of departure in understanding the difference between natural and social differences (cf. Dahrendorf, 1968; Hirschman, 1982; Gissis, 2002; Berger, 2004). In an essay devoted to the topic “The origins of inequality among men and whether it is legitimated by natural law” he advanced the fundamental point, that it does not make much sense...

... To investigate whether there might not be an essential connection between the two inequalities (the natural and the social). For it would mean that we must ask whether the rulers are necessarily worth more than the ruled, and whether strength of body and mind, wisdom, and virtue are always found in the same individuals, and found, moreover, in direct relations to their power or wealth; a question that slaves who think they are being overheard by their masters may find useful to discuss, but that has no meaning for reasonable and free men in search of the truth

(Rousseau, [1754] 1913: 207).

Since social inequality cannot be deduced from natural inequality, Rousseau suggests that it arose as the result of emergence of private property. Rousseau explains the process that brings about and legitimizes social inequality in one simple sentence: “the first man who, having enclosed a piece of ground, to whom it occurred to say ‘*this is mine*’, and found a people sufficiently simple to believe him, was the real founder of civil society.” (Note that the unclinking of social unequal-

ity in this statement is accompanied by its exclusion of women.) Rousseau's emphasis upon the role of property relations in conditioning the social structure has been reaffirmed by various prominent thinkers, including David Hume, Adam Smith, Georg Hegel and, of course, Karl Marx. We will call this the *capital theory of social inequality*.

For Marx, the inequality caused and justified through capitalist relations of production was an inevitable stage in the teleological progress towards an equal social order. Capitalism involved the concentration of property in a small number of hands and the enslavement of the working class (Marx and Engels, [1848] 1987: 17). The common experience of exploitation fomented the collective class-consciousness of the proletariat: "The modern labourer... instead of rising with the process of industry, sinks deeper and deeper below the conditions of existence of his own class' (20). Capitalism, then, produces its own 'grave-diggers' (Marx and Engels [1848] 1987: 21). The resulting polarisation between Bourgeoisie and Proletariat classes would, according to Marx, incite revolution and ultimately result in the reorganisation and rationalisation of society. Inequality was both the motor and the target of the revolution; inequality, instituted and intensified through capitalism could be overcome. The simplification of class antagonisms has been belied by the fragmentation of working class solidarity (Bendix, 1974: 152). Nevertheless, the theory highlights the social origin of inequalities, rooted, for Marx, in class distinctions that were underpinned by property relations.

The capital theory of inequality stresses the decisive significance of *material* phenomena in determining social inequality. More recent sociological and economic theories of inequality concentrate instead upon *cultural* forces in modern societies (cf. Alexander, 2007; Schröder, this volume) and *socio-structural* phenomena such as governance, technology and social institutions (e.g. Acemoglu and Robinson, 2015). One of the originators of the idea of *human capital*, Theodore W. Schultz (1961), notes how human capital comprising of skills and knowledge has grown in Western societies at a much faster rate than non-human capital. Schultz suggests that investment in human capital has driven much of the growth in real wages of income earning persons in recent decades as well as economic growth in general (cf. Benhabib and Spiegel, 1994).

However, human capital theories, as well as efforts to apply them empirically, remain hamstrung by a superficial conception of the way in which human capital is manifested in social reality. Human capital theory treats the complex dimension of social capacities, cognitive abilities and skills as a "black box".² In contrast,

2 More recent empirical work by economists, for example (Autor, 2014) and (Autor and Handel, 2009) transcends this deficiency of human capital theory by investigating the role of cognitive skills.

Bourdieu's theory of cultural capital begins to open up this black box and alerts us to the existence of immaterial forms of capital and its context sensitive acquisition and disposition.³

As we investigate next, the cultural capital theory of inequality continues to emphasise the persistence of patterns of inequality over time and space, and the apparent ease with which immaterial capital resources are inherited and passed on from generation to generation. Cultural capital theories allow for or even emphasize the ability of individual actors to monetarize immaterial resources and point to social processes that lead to an unequal accumulation of capital over time.

Cultural capital theories of inequality⁴

The concept "cultural capital" was developed by Pierre Bourdieu, ([1983] 1986: 243) initially to explain the unequal scholastic achievement of children from different social classes in France. Unequal academic successes are related to the existing stratified distribution of cultural capital among social classes and the unequal opportunity for acquiring it domestically (cf. Bourdieu and Passaron, [1964] 1979). Cultural capital is added to existing cultural capital stocks thereby reproducing the structure of the distribution of cultural capital between social classes (cf. Bourdieu, [1971] 1973: 73). Cultural capital theory acknowledges not only pre-existing unequal access to the distributional channels for its accumulation, but also the different ways in which the chances of players are skewed from the beginning. As the societal division of labour increases, the social conditions of the transmission of cultural capital tend to be much more disguised than those that govern economic capital.

Bourdieu distinguishes cultural capital from both economic capital and social capital. Social capital refers to the gains individuals may derive from their informal and formal network of social relations (see also Coleman, 1988; Glaeser, Laibson, Scheinkman and Scouter, 1999; Young, 2014)⁵. The various forms of cap-

3 In an investigation of the unequal scholastic achievement of children from different ethnic groups in the United States, George Farkas (1996) uses both human capital theory and cultural capital theory as explanations of the widely disparate rates of success of various ethnic groups in schools. Farkas (1996: 10–12) suggest that a synthesis of both views can be created that is better suited to account for the differential acquisition of skills in schools and offers a more adequate perspective of the complex sum of all factors involved both within and outside of the school system.

4 The section on symbolic capital draws on, incorporates and substantially extends a discussion of "forms of capital" that can be found in Stehr (2001: 48–53)

5 Robert Putnam's (2002a) collection about the state of social capital in contemporary developed nations documents common trends in the decline of social capital, for example, wan-

ital correlate highly with each other and form what could be called capital “repertoires”. Capital resources are convertible and transmissible most significantly within families. One form of capital “comes to be added, in most cases” to other forms of capital (Bourdieu, [1971] 1973: 99); for example, cultural capital can be translated into economic capital (that is “immediately and directly convertible into money”).⁶ The specific form of “profit” that comes with symbolic capital is distinction, which manifests itself in a particular life-style.

There are different forms of cultural capital: Bourdieu differentiates between its symbolic form as internalized culture (Bourdieu, 1999: 337); its objectified form in material objects and media, and its institutionalized form (for example, as academic certificates).⁷ These distinctions signal the ways in which cultural capital is stored and passed on by way of becoming an integral *habitus* of the individual (that is, the repertoire of social dispositions of the individual; cf. Bourdieu, ([1980] 1990: 66–79)).⁸

Recently the concept of “erotic capital” has been formulated to address the alleged increasing importance of the asset of attractiveness in today’s highly sexualised societies (Hakim, 2012). Catherine Hakim argues that this form of capital is important in understanding social and economic relations, that it is independent of social class, and that unlike other forms of capital, women tend to possess more of this commodity than men (cf. Hakim, 2009). However, she argues that it

ing participation in elections, political parties, unions and churches. These forms of social capital, Putnam (2002b: 411) observes, “were especially important for empowering less educated, less affluent portions of the population.” However, such more “formal” social capital resources “seem to be offset at least in part by increases of informal, fluid, personal forms of social connection” or loose forms of social capital in contemporary society.

- 6 Bourdieu (1999: 336) suggests that his symbolic capital theory is a fusion of three traditions: (1) the constructivist tradition, (2) the structuralist or hermeneutic tradition and (3) the tradition that views capital – as does Marx or Nietzsche – as instrument of power by prioritizing of economic relations: “As the synthesis of the three traditions, the notion of symbolic power (or capital) enables one to account for the relations of force that are actualized in and by relations of cognition (or recognition) and of communication.”
- 7 Bourdieu’s discussion of cultural capital resonates strongly with Georg Simmel’s observations ([1907] 1978: 439–440) in *The Philosophy of Money* about the role of the “intellect” in modern society. Simmel notes “the apparent equality with which educational materials are available to everyone interested in them is, in reality, a sheer mockery. The same is true for other freedoms accorded by liberal doctrines which, though they certainly do not hamper the individual from gaining goods of any kind, do however disregard the fact that only those already privileged in some way or another have the possibility of acquiring them”.
- 8 “The culture that dominant classes uphold and that in turn directs and informs what is actually taught in schools and colleges cannot claim any intrinsic superiority”, as Goldthorpe (2007: 11) observes, nor is it “open to any more pragmatic validation in terms of the demands that modern societies typically impose upon their members ... [cultural capital] has to be understood as being always determined by the interests of dominant classes.”

has been overlooked in sociological theory due to the patriarchal bias in the discipline. Hakim points to the unequal attention, value and legitimacy given to different forms of capital, which reproduces gender inequality.

The existence of different forms of capital and their complex interrelationship with each other and political and economic processes in a changing social context indicates that social differentiation shifts over time. This contradicts the intention of symbolic capital theory to account for the almost perfect social reproduction of the dominant system of social differentiation. Such a conclusion can be challenged by the existence of significant processes of upward (and downward) social mobility, particularly following the expansion of education in many European countries after World War II (cf. Lipset and Bendix, 1964). Empirical findings reveal that schools and universities do not just reproduce symbolic capital; they actually *produce* it (cf. Halsey, Heath and Ridge, 1980).

Indeed, although Bourdieu's notion of cultural capital is not fully a-historical, it suffers from its *lack of historical specificity*; it is not adequately connected to different major societal formations such as industrial society, the state or science. Bourdieu does not explore the socio-historical conditions under which different strategies and regimes of inequality become possible. The extent and ease of convertibility of different forms of capital varies within historical contexts (see Calhoun, 1995: 139–141). Cultural capital apparently is acquired and transmitted *mechanically* and closely mirrors the ostensibly objective realities of class. But culture is fluid and leaves “much opportunity for choice and variation” (DiMaggio, 1997: 265; Hall 1992). Bourdieu gives limited recognition to the openness and access to the various social capacities that individuals and groups may be able to convert into struggles for change, resistance or innovation in contemporary societies (cf. Garnham and Williams, 1986: 129).

The extent to which the educational system in modern societies actually fails to straightforwardly reproduce the existing system of social inequality (Boudon, 1974) is testimony not only to the dynamic character of modern society but also to profound changes in inequality regimes in which knowledge and knowledge skills play a more significant and independent role (see Stehr, 1999, 2015). New “structures of consciousness” (to use a term coined by Benjamin Nelson [1973]) cannot be captured by Bourdieu's theory which is unable to encapsulate the extent to which cultural capital does not perpetuate patterns of inequality but can be strategically deployed to soften and undermine them.

The Functional Theory of Inequality

For some, inequality is simply ineradicable because of the crucial social *function* it plays. The issue of the compatibility or incommensurability of liberty and equality, as has often been stressed, is one of the central themes of the theory of liberalism. Inequality here is termed ‘stratification’ and is viewed as functionally necessary.⁹ For example, Talcott Parsons writes: ‘Systems of stratification in certain respects are seen to have positive functions in the stabilization of social systems. The institutionalization of motivation operates within the systems of capitalist profit making’ (Parsons, 1949] 1953: 334). Similarly, the liberal Austrian economist Ludwig von Mises (1963: 287) strongly affirms that inequality in wealth and income “is an essential feature of the market economy” (see also Dahrendorf, 1968: 151–152). Von Mises assertion is grounded in the conviction that liberty and equality are incompatible: “No system of the social division of labor can do without a method that makes individuals responsible for their contributions to the joint productive effort. If this responsibility is not brought about by the price structure of the market and the inequality of wealth and income it begets, it must be enforced by the methods of direct compulsion as practiced by the police” (von Mises, 1963: 289).

According to Kingsley Davis and Wilbert Moore (1945) inequality or “stratification is universal and impossible to eliminate. Their “functional theory of inequality” explains the universal presence of stratification as a functional necessity; it is the inevitable result of the imperative for any society to place and motivate

9 The *functional theory of social inequality* is the most important contrast and competitor to the capital theories of social inequality. This theory can trace its origins to a paper by Talcott Parsons (1940) on an “Analytical approach to the theory of stratification”. The distinctive feature of the structure of social stratification in modern societies “is an hierarchical aspect to such a system” (Parsons, [1949] 1953: 327). There are two fundamental functional bases for an inevitable hierarchical social differentiation: One is the “differentiation of levels of skill and competence” and, the second, the “organization of an even increasing scale .. [as] a fundamental feature of such a system” (Parsons, [1949] 1953: 327). Following Parsons, Davis and Moore (1945) contributed a paper that became the core perspective of the functional theory of stratification and was further explicated by successive cohorts of social theorists. Parsons (1970: 13) revisits his 1940 paper on stratification and shifts to an analysis of “the erosion of the legitimacy of the traditional bases of inequality ... [that] has brought to a new level of prominence value-commitments to an essential equality of status of all members of modern societal communities.” In retrospect, Parsons conjecture is incorrect since professional observations about inequality in the 1970s centered once more on a discussion of American exceptionalism (that is, why is there so much more inequality in the United States than in European societies, cf. Glaeser, 2005) and the degree to which inequality regimes were and are tolerated in American society. Parsons was criticised by C.Wright Mills for neglecting ‘power, with economics and political institutions’ thus legitimizing any form of social order (C.Wright Mills 1959: 35–36)

its members: "As a functioning mechanism a society must somehow distribute its members in social positions and induce them to perform the duties of these positions" (Davis and Moore, 1945: 242).

Davis and Moore explain that more *important* positions and those that are *hard to fill* need to be rewarded more highly than others. If a position "is easily filled, it need not be heavily rewarded, even though important" (Davis and Moore, 1945: 243). This is true whether the economic structure is competitive or non-competitive. Societies have a variety of rewards at their disposal such as income, prestige or spare time. For Davis and Moore, then, social inequality is "an unconsciously evolved device by which societies insure that the most important positions are conscientiously filled by the most qualified persons" (Davis and Moore, 1945: 243). Differences across societies and institutions within societies in the structure of stratification systems would then amount to differences in functional importance and scarcity of personnel.

As the authors of functional theories of inequality themselves admit, however, functional importance is not easy to establish. If one infers functional importance from the degree of prestige associated with a position, circular reasoning may well be at work (a critique Melvin Tumin, [1953 and 1963] has specified). Davis and Moore (1945: 244) argue that functional importance hinges upon (1) the degree to which a position is unique in its performance repertoire and (2) the extent to which other positions are dependent on the one in question. Still, this theory of inequality has to find a way of accounting for societal differences in differentially rewarded positions that cannot be reduced to functional importance. The mistake here is "to impute to total social systems a kind of rationality with regard to society-wide prestige and reward" (Tumin 1963: 24). Stratification is produced and diffused throughout society by non-rational mechanisms (*ibid.*).¹⁰ What is also omitted, therefore, is recognition of the fact that, in really existing social institutions and societies, the ability to acquire the necessary qualifications for "functionally important positions" is rarely unbiased. This theory paid no acknowledgement of the issue of social justice; it further remains silent about the wider social costs of stratification (Wrong, 1959; Lenski, 1966).

10 Niklas Luhmann's (1997: 774) critique of the assumption of a broad, *society-wide* applicability of the functional theory of inequality is to restrict its range at best to organizations. The functional theory cannot form the foundation for a *theory of modern society*; it cannot account for example for the ways in which glaring life chance differences are reproduced even though such differences are no longer required.

Empirical Measurements of Inequality

In contrast to the functional theory of inequality, the prevailing assumption, at least until two or three decades ago, has been that advanced industrial society (see König, [1962] 1965: 85–88) and more generally, the modernization process, is bound to produce societies that are less hierarchical, more flexible and that reflect individual abilities more closely (e. g., Schelsky, 1955: 218–242; Dahrendorf, [1957] 1959: 274; 1967: 68; Goldthorpe, 1966: 650). Cosmopolitanism heralded an era of global equality and universal inclusion (Jain, this volume).

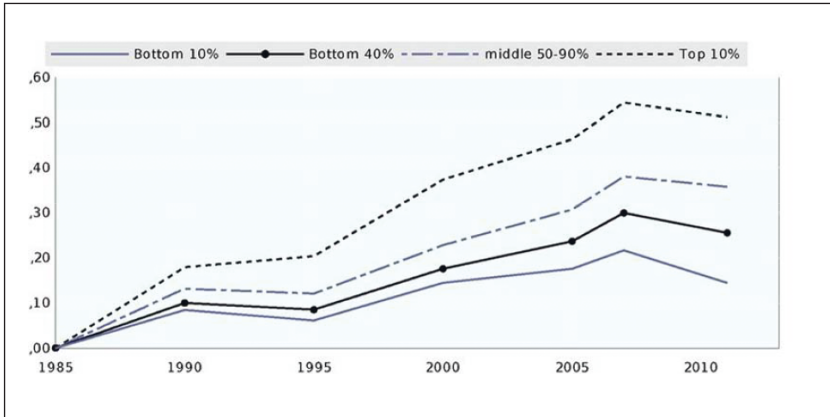
Such political optimism has given way to the realization that the expected modification in inequality has not been achieved. A noticeable levelling in some respects has, of course, taken place; life expectancy has risen, standards of health care and social security have improved; educational attainment and duration of schooling has increased (Armingoen and Schaedel, 2015: 2). Yet the rapid increase in inequality in recent years has been made evident by a rising stack of empirical research. Inequality is notoriously difficult to measure. Special statistical measures of dispersion have been deployed to measure the concentration of wealth and thereby reduce the empirical pattern of inequality to a single figure. For example, the *Lorenz Curve* is a graphic representation of the cumulative distribution function of the empirical probability distribution of wealth or income. The information in the Lorenz Curve may be summarised by the *Gini Coefficient*, which thus provides a measurement (between 1 and 0) of inequality in a population. A low figure represents a more equal distribution of household income, a high figure a significant concentration of prosperity. Countries with low Gini coefficient are the Scandinavian societies. In Europe, at least, the Gini coefficients have remained almost constant for decades after 1995.¹¹ Significantly higher concentrations of income may be found in African and Latin American countries. In the United States, the coefficient in 2010 stood at 0.411.¹²

However, these figures are not sensitive to the differences in income and wealth distribution. The distribution of wealth tends to be more unequal than the distribution of income. But income inequality, as shown in Figure 1, has increased – both across times of economic crisis and growth (OECD, 2015: 21). Trends in income inequality, at least in the United States, do not follow a linear pattern: between 1973 and 2009 there has been a rise in income for individual wage earners

11 Since the year 2000, household income inequalities in Germany have increased significantly (cf. Grabka and Kuhn, 2012), although more recently the same author reports (Grabka, Goebel and Schupp, 2012) that the increase in household income inequality in German has been arrested. See Flora Wisdorff, “Deutschland wird gleicher,” *Die Welt* October 28, 2012 for the political implications of these findings

12 <http://data.worldbank.org/indicator/SI.POV.GINI> (accessed June 5, 2015).

Figure 1 Lower and lowest incomes were increasingly left behind



Trends in real household incomes at the bottom, the middle and the top, OECD average, 1985 = 1

Note: Income refers to disposable household income, corrected for household size. OECD is the un-weighted average of 17 countries (Canada, Germany, Denmark, Finland, France, United Kingdom, Greece, Israel, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway, New Zealand, Sweden and United States).

Source: OECD Income Distribution Database (IDD), www.oecd.org/social/income-distribution-database.htm.

with significant occupational skill. But for less educated workers “the increase in the slope is small or perhaps reversed” (Garicano and Rossi-Hansberg, 2015: 5; also Acemoglu and Autor, 2011: 1061–1079; Dustmann, Lusteck and Schönberg, 2009; Atkinson, 2008).¹³

Inequality patterns over generations related to wealth inequalities lead to what Thomas Piketty ([2013] 2014: 173, 237) calls “patrimonial capitalism”. Patrimonial capitalism flourished during the early years of the 20th century and has been re-emerging since 1970. It represents the relative strength of private capital, that is, a change in the capital/income ratio and the capital-labour split in favour of capital. Piketty thus highlights the role of intergenerational transmission of wealth in un-

13 Viewing economic processes through the lens of organizations the explanation for the widening wage gap according to Garicano and Rossi-Hansberg (2015: 27) “can be well understood as a response to the important changes in ICT [Information and Communication Technologies] we have observed in the past few decades. Communication technology is highlighting the advantages of superstars and is making the less skilled more equal, thereby hurting the middle class. This is what we have termed the shadow of superstars.”

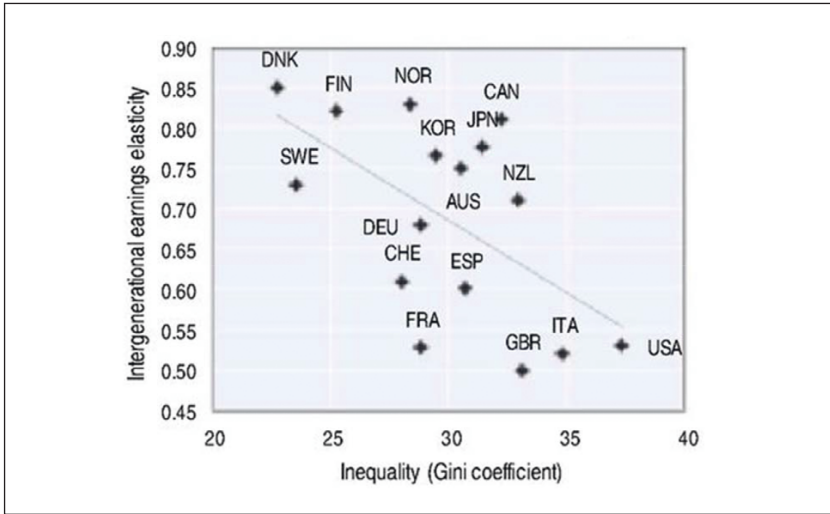
dermining meritocratic values ([2013] 2014: 26). Indeed, one area of revealing empirical research relates to social mobility and the flexibility of inequality regimes. Empirical research on social mobility trajectories in advanced societies has focused on *intra- and intergenerational* mobility patterns.¹⁴ In a study that examines sources of lifetime inequality, Huggett, Venture and Yaron (2007) find, using data about mean earnings of male cohorts in the United States, that variation in initial human capital is substantially more significant than variation in learning ability or initial wealth for determining how agents fare in life. One of the noteworthy empirical findings for Germany is that despite educational expansion and reform in the last decades, social selectivity in access to education is comparatively and persistently very high. This finding applies with particular force to admittance to higher education where it has even increased (cf. Lörz and Schindler, 2011).

In the case of *multigenerational* mobility, the evidence is divided. On the one hand we find conclusions that assert that all advantages and disadvantage of ancestors tend to vanish in only three generations (e.g. Becker and Tomes, 1986: 28). On the other hand, other observations about multigenerational mobility conclude that the persistence rate of social status is quite high over time. Intergenerational differences tend to disappear very slowly and follow a pattern of a regression toward the mean (e.g. Clark, 2014: 212, 2015). In societies with a great measure of social inequality, the so-called “Great Gatsby Curve” (cf. Corak, 2013) – which shows the correlation between inequality and intergeneration earnings (see Figure 2) – indicates that individuals find it more and more difficult to move outside their earning class in which they were born. This is not due to genetic inheritance of attributes that disposed towards higher wealth. As a recent study of intergenerational wealth correlations in Swedish families (Black et al. 2015: 4) “even before any inheritance has occurred, wealth of adopted children is more closely related to the wealth of their adoptive parents than to that of their biological parents.” It seems that even in apparently egalitarian Scandinavian countries, “wealth begets wealth” (Black et al. 2015: 14).

In an analysis of multigenerational mobility evidence accumulated to date, Solon (2015) surmises that the patterns of mobility across generations are far more complex than many studies have so far assumed and that mobility across generations probably varies considerably between and within societies depending on the times; for example, in the role grandparents play on the lives of their grandchildren or the importance of ethnicity and race in different countries and communities (see also Lindahl, Palme, Sandgren-Massih and Sjögren, 2014). More generally,

14 For a discussion of theoretical and empirical frames of references of social mobility see Mayer, 1972.

Figure 2 Inequality and Mobility



Note: Compiled from different sources as in D’Addio, A. C. (2007), “Intergenerational Transmission of Disadvantage: Mobility or Immobility Across Generations?”, OECD Social, Employment and Migration Working Papers, No. 52, OECD Publishing, Paris, <http://dx.doi.org/10.1787/217730505550>; and OECD (2008), *Growing Unequal? Income Distribution in OECD Countries*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264044197-en>

Source: OECD (2015: 72)

inequalities are manifested in different ways and intersect with the various forms of capital that can make patterns hard to measure and predict.¹⁵

A notable empirical finding has been the widespread public *misperception* of income inequality. Based on a number of large-scale cross-national surveys in recent years in many countries the authors (Gimpelson and Treisman, 2015) find that respondents are often misinformed about the extent of income inequality in their societies; for example, in countries where respondents perceived the greatest

15 One of the more remarkable divisions emerging most recently is the unequal use of mobile airwaves. Arieso, a company in England that tracks the usage of mobile devices, found that in 2009 the top 3% of heavy users generated 40% of the network traffic. Only a couple of years later, the same category of users commands 70 percent of the traffic (as quoted in “Top 1% of mobile users consume half of world’s bandwidth, and gap is growing,” *New York Times*, January 5, 2012).

inequality, such as the Ukraine, it is the lowest in the world while respondents in the United States saw little inequality where it is in fact quite high.

Being misinformed about the magnitude of income inequality does not mean, however, that individuals are unconcerned about inequality regimes in their countries. A survey carried in Germany dating to 2009/2010 shows that the vast majority (between 80 to 96 %) of the respondents consider the existing income inequalities in the country as “too large”. Not surprisingly, the critical attitude toward income inequality declines with the income and educational level of the respondents. Only a minority considers the social differences in the German society as just (Noll and Weick, 2012). A recent *New York Times/CBS News* poll shows that inequality of wealth and income troubles Americans, independent of political leaning; a strong majority of respondents to a representative telephone survey report that wealth should be more evenly distributed and that wealth inequalities are an urgent political issue.¹⁶ Given the attention in recent public discussion to material inequalities such findings do not come as a surprise. In spite of misperception about the degree of social inequality, such findings do not justify the inference that inequality is considered to be a legitimate feature of socio-economic processes.

The social and political consequences of inequality

Does inequality matter? Is it a symptom of a sick society or, on the contrary, both the effect and the cause of a healthy economy? The conviction of the ultimate fairness of the market outcomes of industrial society gave rise, for many years, to a broad lack of interest among social scientists in questions of social inequality. Today economics is at the forefront of inequality research while sociology and other social science disciplines continue to give scant attention to the topic.¹⁷ But as Joseph Stiglitz (2012: 52) asks: “if markets were the principal driving force (of inequality), why do seemingly similar advanced industrial countries differ so much?” The answer must be that markets alone do not shape economic inequalities; political processes, institutional arrangements and societal values work either to the ad-

16 “Inequality troubles American across party lines,” *New York Times*, June 3, 2015.

17 The economist Robert H. Frank (2007), for example, published a plea for a policy focus on social inequality rather than economic growth (also Noah, 2012). Nonetheless, the issue of inequality has, at least in the United States, gained little if any political grip (cf. Nichols Lemann, “Evening the odds,” *The New Yorker*, April 23, 2012). As the entrepreneur Peter Thiel notes in an interview in the *American Prospect* (March/April 2012 issue): “In the history of the modern world, inequality has only been ended through communist revolution, war or deflationary economic collapse.”

vantage of those at the top of the inequality formation or to the detriment of those at the bottom of the ladder (Rehbein, 2015: 153).

The social costs of inequality tend to be glossed over by economists who focus upon the gross national product as a primary measure of national well-being and thus endorse market-induced inequalities. Unequal outcomes are an intended or unintended beneficial product for societies at large leaving everyone “better off” (a measure of the so-called “elevator effect”, see Beck, 1986)¹⁸. It therefore is not only in John Maynard Keynes’ ([1919] 2009; also [1930] 1972: 329) treatment of *The Economic Consequences of the Peace* but also prominently in his *General Theory of Employment, Interest and Money* (e.g. 1936: 342–343) that we find repeated references to the “social and psychological *justification* for significant inequalities of incomes and wealth” (emphasis added). Moreover, as Keynes ([1919] 2009: 17) also stresses “it was precisely the *inequality* of the distribution of wealth and of capital which made possible those vast accumulations of fixed wealth and capital improvements which distinguished that age from all others. Herein lay, in fact, the main justification of the Capitalist System.”¹⁹ In Milton Friedman’s (1962) vindication of American capitalism the promise of high social mobility plays a significant role.

However, empirical research on social mobility in the United States over the last decade does not justify the widespread belief in the existence of the American Dream (see DiPrete, 2007; Klasen, 2014; Putnam, 2015).²⁰ As the recent OECD (2015: 22) report: *In it Together. Why Less Inequality Benefits All*, makes clear, making the rich richer while the incomes of the bottom 40% of the income earners in many counties remain flat is not justifiable – as the evidence from the last three decades indicates: it “could be seen as sensible from an economic perspective – after all, some are better off, and none are worse off. However, policies which lead to this outcome may not be even economically sensible if wider inequality reduc-

18 Ulrich Beck (1986: 121–160) has focused on the linear transformation and *elevation* of material inequality since the decade of the fifties of the last century, sustaining otherwise established relations and concentrations of inequality. His primary focus, then, is on the extent to which the elevation in the general standard of living has allowed for the dissolution of class-based social conduct or for a further individualization. But his discussion remains transfixed by what might well be reversible *material* pre-conditions of changes in the life world of individuals.

19 See also John M. Keynes’ [1925] 1963: 307) discussion of the superiority of irreligious capitalism over religious communism. Irreligious capitalism “has to be immensely, not merely moderately successful to survive ... If irreligious Capitalism is ultimately to defeat religious Communism, it is not enough that it should be economically more efficient – it must be many times as efficient.” And, with such efficiency, comes inequality.

20 The exception is the substantial increase in upward mobility of earnings over a lifetime among women in recent decades in the United States (see Kopczuk, Saez and Song, 2010).

es the capacity of the bottom 40 % to improve their position and that of their children in the future.” The accumulated evidence assembled by the OECD (2015) for its members over the past 30 years comes to the important conclusion that when income inequality rises, economic growth falls.

The well-known study by Richard Wilkinson and Kate Pickett, *The Spirit Level* (2010), convincingly depicts the social costs of inequality, ranging from a higher crime rate, teenage pregnancies and mental illness. They argue that the “intuitive” recognition shared by many that “inequality is socially corrosive” is correct (Wilkinson and Pickett, 2010: X). Looking at the big picture: “Inequality can be seen as a reflection of the benevolent incentives that lead people to do the best for themselves and for society”; if such outcomes are not possible or eliminated, “talented young people are diverted from more worthwhile pursuits, which undermine national prosperity” (Deaton, 2014: 783).²¹ The demand for policies that ensure a more equitable distribution of the dividends that come with economic growth are manifested in what Pierre Rosanvallon ([2011] 2013) describes as a “society of equals”.

A society of equals involves more than economic redistribution. It involves the adjustment of other sources and manifestations of inequality that are linked to economic inequality but cannot be reduced to it. Research from other areas of social science points to the existence of socially selective barriers that prevent members of particular groups from reaching a particular position. Such barriers may be overt mechanisms such as apartheid or invisible ‘glass ceilings’ and have been morally condemned or interpreted as an urgent call for political action. Paradoxically, however, one social cost of inequality is the impact that it has on political participation (see Shore, this volume). Links can be drawn between rising economic inequality and declining voter turn-out, for example. This then has an impact upon political representation (Rossett, this volume). It might be hypothesized that the absence of extreme inequalities in household income generally fosters democracy (cf. Huntington, 1984; Solt, 2008).²² This is because economic wealth is often an indicator of education, which is correlated with political participation. Inequality also erodes trust, which is important for a healthy civic politics (see Mcnall, this volume). Deep cleavages of economic inequality might be expected to lead to declining political engagement, especially among the poorer

21 A informative summary of the social costs of inequality in the United States may be found in “Income Inequality Is Costing the U.S. on Social Issues,” *New York Times*, May 3, 2015. Similarly, for an informative account of the moral underpinnings of different justification for patterns of inequality see Rowlingson and Connor, 2011.

22 The section on the interrelation between social inequality and democracy refers to observations made in Stehr (2015).

strata of society (Dahl, 2006: 85–86; Tilly, 2003; Acemoglu and Robinson, 2006: 36). On the other hand, inequalities can lead to political unrest, which in turn provokes elite-challenging behaviours. This, however, also hinges upon the opportunity structures and the existence of networks (Nakhaie, this volume).

Frederick Solt (2008) has undertaken an empirical analysis of the impact of economic inequality on political engagement in a diverse sample of rich and upper-middle income democracies, using cross-national survey data for 22 countries.²³ His findings suggest that collective inequality reduces the political engagements of the non-affluent strata (also Soss, 1999) and thereby potentially enhances the political power of the affluent segments of society. He concludes that:

Declining political interest, discussion of politics, and participation in elections among poorer citizens with rising inequality attest to the increased ability of relatively wealthy individuals to make politics meaningless for those with lower incomes in such circumstances. The results of this study indicate that democracy is more likely to fulfill its promise of providing political equality among all citizens when economic resources are distributed more equally (Solt, 2008: 58).

Klaus Armingeon and Lisa Schaedel (2015) expand on this. They explain that inequality in voting in the mid to late twentieth century was very low due to the mobilisation of the lower classes by influential social groups such as political parties and trade unions. Yet today, despite levels of education rising since the 1950's, turnout has not seen a correlated increase. Less educated, poorer citizens are more likely to refrain from voting: "citizens with low levels of education are frequently citizens in the lower social strata and also lack capabilities to make reasoned electoral decisions" (Armingeon and Schaedel, 2015: 5).

As Armingeon and Schaedel notice, this is not necessarily a problem if democracy is only regarded in the "minimalist", "liberal" or "Schumpeterian" sense (Armingeon and Schaedel, 2015: 3). But for other models of democracy, lack of participation by the demos is clearly a problem; undermining the legitimacy of a regime and actually depoliticising democracy. For more recent accounts of democracy, inclusion and equality of all are crucial for democratic participation. For some, political decisions and institutions can only claim legitimacy when they are based upon "processes of collective deliberation conducted rationally and fairly among free and equal individuals" (Benhabib, 1996: 69). While the possibility

23 This data is mainly based on information gathered by the *World Value Survey*, the *Eurobarometer*, and the *European Election Survey*. The Gini coefficient for household income inequalities serves as the measure of national economic inequality. In addition, a large number of control variables are employed.

of fully inclusive deliberative procedures can be contested, the possibility of challenging the status quo depends upon a degree of equality. Inequality, then, endangers democracy and stifles the expression of political alternatives that might actually challenge existing patterns of inequality.

This is revealed in the analysis of the connection between crime and inequality. Ross Matsueda and Maria Grigoryeva (2014: 683) point out that the punishment as well as the very definition of crime itself is disproportionately influenced by the powerful, who have a greater jurisdiction over criminal law. "Crime, then, is ultimately rooted in political-economic inequality in a profound way" (Matsueda and Grigoryeva, 2014: 684). The designation of certain acts as crimes may be justified not because they are seen as wrong in themselves, but because they must be prohibited in order to ensure a regulated society. These sorts of "mala prohibita crimes" such as traffic violations (*ibid.*) are created through a political process controlled by the political elites. As a result "criminologists have focused upon crime in the streets rather than crime in the suites" (Matsueda and Grigoryeva, 2014: 685). High social inequality drives the possibility for a high crime rate, through the reduction of social capital of certain groups, the undermining of social cohesion and the growth of participation in organised groups that may favour criminal behaviour (see Wilkinson and Pickett, 2010; also Paxton, 2002).

Not only does social inequality nurture the potential for certain crimes, however, it also produces an unequal level of severity of punishments of those crimes. Arguably, then, the underclass that is produced and afflicted by social inequalities, are also punished more severely for their crimes. The transformations in the economy such as the loss of manufacturing jobs in the US, disproportionately affect urban young black males. And such incarceration, in turn, aggravates social inequality by undermining the well-being of a large section of society (Matsueda and Grigoryeva, 2014: 709).

Past and recent research has discerned again and again the inequalities correlated with race, for example with respect to the United States prison system: "African-American males are 6 times more likely to be incarcerated than white males. If current trends continue, 1 of every 3 black American males born today can expect to go to prison in his lifetime... compared to one of every seventeen white males." (The Sentencing Project, 2013: 1). What is revealed here is that it is not the *natural* differences that underpin these social inequalities, but rather that social inequalities underpin these supposedly natural racial differences and contribute to the construction of the very category of race (Root, 2000).

Emerging Patterns of Inequality²⁴

Classical theories of social inequality all display a primary interest in the *vertical* nature of social inequality. Inequality directly or indirectly is regarded as a function of the relation of the individual to work or capital and its benefits in the form of monetary income, interest, rent and profit. The identity of individuals is mediated, if not entirely determined, by their relation to the work process. Both Marxist and non-Marxist approaches alike are convinced that industrial society is still primarily a society of labour (*Arbeitsgesellschaft*)²⁵; that inequality is shaped by class (Marshall et al., 1988: 183); and that the class based inequality tends to be reproduced intergenerationally.²⁶

Observations about changes in the basis of inequality in contemporary society do exist, but in the majority of cases, vertical social hierarchies are effectively retained. In so-called multidimensional theories of stratification (cf. Barber, 1968), the dimensions usually identified as stratifying individuals, such as occupation, income, occupational prestige and education, are for the most part viewed as derivatives of class. Descriptions of new forms of social inequality therefore amount to a further elaboration and evolution of the logic of the industrial social structure and a perpetuation of its inherent contradictions (cf. Stearns, 1974: 17).

But there are significant changes in the nature of society and capitalism from existing patterns of stratification. There are at least five important societal changes that may underpin the future transformation of social inequality in contemporary society.

First, are the transformations of capitalism. Luc Boltanski and Eve Chiapello's (2007) work explicates the changing form and "spirit" of capitalism and its dimensions of inequality. Capitalism, they emphasise, is dynamic: in order to remain exciting and secure, and the best and unquestioned 'order of things' (2007: 10), capi-

24 This section of our introduction relies on ideas on the future of social inequality that may be found in Stehr, 1999 and 1994.

25 Perhaps the most obvious distinction between Marxist and non-Marxist theories of social inequality in industrial society is related to the conceptions of what ought to constitute the central unit of analysis in research and theory concerned with inequalities. Non-Marxist theories of social stratification tend to generalize about inequality based on individual characteristics while Marxist theories prefer social collectivities as the basic unit of social inequality. The individual dimension is then seen as essentially "subjective" by its critics while "objective" units such as social class draw the objection of lacking precisely such a subjective dimension.

26 Another shared feature of contemporary theories of social inequality is that their assumption of bounded individual nation states as constitutive of the political limits of industrial society. Such a restriction may be contrasted with Ralf Dahrendorf's (2000) discussion of the emergence of a global class.

talism continually transforms itself (2007: 28). Boltanski and Chiapello (2007: 73) argue that the form of capitalism that has emerged over recent decades is best understood as ‘network capitalism’. Here, ‘lean firms’ headed by visionary networks work on temporary ‘projects’. “The standard image of the modern firm today is of a slim core surrounded by a conglomeration of suppliers, subcontractors, service providers and temporary personnel making it possible to vary the workforce according to the level of business and allied firms. It is then said to operate as a network” (Boltanski and Chiapello, 2007: 74). To be successful, networkers must be mobile, and their mobility depends upon other people’s immobility. This is how inequality is manifested in network capitalism: for Boltanski and Chiapello (2007: 354), contemporary forms of inequality should not only be analysed as a matter of *exclusion*, but a matter of *exploitation*, too. It is not enough to notice how some are excluded, a strong critique of the inequality that exists today demands attention to “the social asymmetry from which some people profit to the detriment of others.” Exploitation under capitalism is not always visible, but involves long chains between the powerful and those who are “immobile”. The consolidation of network capitalism is likely to ensure that chains of exploitation are lengthened as they function to sharpen inequalities.

The second significant change for patterns of inequality stems from the rise of “knowledge” and “knowledge skills”. In the productive process, for example, “direct” labour is giving way to another form of work based on the growing importance of knowledge skills (see Stehr, 2015). To suggest that knowledge plays an increasingly important role in shaping the nature and the structure of social inequality of modern society does not mean that knowledge as a resource for action is a *novel* phenomenon in the production and the analysis of social inequality. On the contrary, knowledge representing a variety of cultural competencies and abilities has, of course, always played a significant role throughout history in determining aspects of inequality and its evaluation in society. For example, the ability to read and write the dominant language in a society, and knowledge of the laws and procedures governing transactions in society or religious knowledge, has had an important place in inequality systems as have other cultural abilities. Nor does it mean that knowledge is an immediately productive resource.²⁷ The expansion of the knowledge intensive service sector might hold out promise for the reduction of gender based labour inequalities, for example, yet this appears not to be the case, since structures of gender persist across different workplaces (Dueñas-

27 When Paul Krugman (2015) emphatically stresses that “rising inequality isn’t about who has the knowledge; it’s about who has the power”, his emphasis precisely refers to knowledge as a necessary resource. It is not a sufficient resource since its implementation as a capacity to act requires control over the circumstances of social action (see Adolf and Stehr, 2014).

Fernández et al., 2015). How does the growing importance of knowledge affect patterns of social inequality? And why is knowledge capable of eroding and ultimately perhaps *replacing* what have been for centuries, and continue to be seen by many observers, the solid foundations for patterns of social inequality?

Modern socio-structural conditions that underpin the emergence of knowledge and cognitive and social skills as a stratifying principle include the relative decline in the immediate and unmediated importance of the economy for individuals and households.²⁸ What diminishes is the tightness of the linkage in the material dependence of many actors on their occupational status only and what increases is the relative material emancipation from the labour market in the form of personal and household wealth.²⁹ The decreasing material subordination to one's occupational position, of course, not only affects those who work but applies with even greater force, paradoxically perhaps, to the rising segment of the population which is out of work and which therefore is involuntarily cut off from the labour market.

The third significant change could be the changes to the welfare state. At present, the establishment and guarantee of a bundle of *social citizenship rights*, provides a floor of existential welfare below which, in theory, no one is allowed to slip. The establishment of such social entitlements restricts and diminishes the immediate and unmediated dependence of individuals and households on the dynamics of the economy in general and the labour market in particular. The welfare state has to a certain extent implemented a crucial 'safety net', as well as a certain level of *equality of opportunity*. What anti-discrimination laws have *formally* guaranteed, welfare makes more substantial. A substantive equality of opportunity does more than pronounce that all in a society are formally equally eligible for a job or position; it attempts to 'level the playing field' (Roemer 1998: 1). For example, a public education system will ensure to a degree that all have the chance to attain the qualifications necessary to apply for a certain job or position. Precisely how and to what extent 'the playing field' is levelled, or how high the 'safety net' swings, is of course a matter of ongoing disagreement (Roemer, 1998: 2). Nevertheless, the recent economic crisis, an aging population, and the perception of a too 'lavish' benefits system have been preludes to the implementation of a "welfare cap" which

28 Stephen Kalberg (1992) has noted that the de-coupling of work from social status in modern society or of debates on the place of work in post-industrial society is not necessarily universal but strongly mediated by national, cultural, political and historical milieus.

29 For a discussion of a number of relevant elements to the change in work -for example, the reduction in the hours per year and years per lifetime worked or the substantial rise in occupational income that increases freedom to find and afford opportunities outside of work and decreases the marginal benefits derived from further incremental additions to earned income, see Kern and Schumann (1983).

may constitute either a weakening or at the very least an alteration in the provision of welfare (Lavery, 2015).

The fourth change, in which transformation of inequality is a decline in the degree to which modern society, with respect to many activities, is losing previous authoritative centres and therefore exemplary or tightly constraining patterns of conduct. Modern societies no longer possess, despite what may be said about increasing globalization or homogenization, a few dominant (at least in those societies in which the electoral laws do not discourage a multiplication of political parties) and/or coherent political parties, family patterns, labour unions, gender structures, religions, scientific disciplines, ethnic groups, social strata, communities, cities, or corporate structures. In each instance a process of *decentering* is underway (see Stehr, 2000). For example, in most modern societies we do not find that the traditional family continues to be the dominant family. The family has become a “much more fluid and fragile institution” (Boltanski and Chiapello, 2007: xl). The decentering provides malleable structures that can be reconstructed in many ways, enhancing the very process underway only further. The reconstruction of the rules which govern the structural patterns in turn enable one to employ one’s “knowledge” throughout society in productive ways.

Finally, new patterns of inequality are affected by emerging global problems such as climate change, which heighten existing inequalities. Ulrich Beck (1986: 48), an important contributor to the modern theories of inequality, asserts in relation to civilizational risks that “poverty is hierarchical, smog is democratic”. He was convinced at least in the mid-eighties that one of the salient inequality trends in modern society was a push toward greater equality and a softening of social differences and boundaries across the globe. It follows that societies increasingly at risk cannot be class societies. The risk to which they are exposed cannot be comprehended as risks related to class position.

In contrast to this claim, research on the societal consequences of climate change indicate, for example, that tropical regions are more likely to be impacted by drought, food shortages and cyclones. This has been acknowledged by a recent report by the World Bank: “the poor will be hit first and hardest. This means that the people who are least responsible for raising the Earth’s temperature may suffer the gravest consequences from global warming. That is fundamentally unfair”.³⁰ Not only are the affects of a changing climate distributed unequally, however, but

30 See op-ed piece by World Bank Group President Jim Yong Kim Ending Poverty Includes Tackling Climate Change 10 July 2013. Available at: www.worldbank.org/en/news/opinion/2013/07/10/op-ed-ending-poverty-includes-tackling-climate-change. Full report available at www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/06/14/000445729_20130614145941/Rendered/PDF/784240WPoFull00DoCONFotooJune1909oL.pdf (accessed 16 April 2015).

also this unequal distribution is underpinned by the existing inequalities that it also sharpens. Analysis of Hurricane Katrina that made landfall in August of 2005 on the Gulf Coast of the United States attests to the interconnection of environmental risk, structural racism and patterns of economic and political inequality (cf. Hartman and Squires, 2006; Sharkey 2007). Recent research on so-called “heat death” exposes its unequal distribution across social spaces. For example, during the 1995 heat wave in the city of Chicago (see Klinenberg, 2002; Browning, Wallace, Feinberg and Cagney, 2006), heat wave mortality was negatively associated with neighbourhood affluence and positively linked to commercial decline. Environmental disasters, connected or not to climate change, reproduce political, social and economic inequalities.

Conclusion

Patterns of inequality are made more complex as the boundaries between “social” and “natural” inequality become increasingly blurred. Scientific developments in recombinant DNA, embryonic stem cells, GM foods, genetic engineering of the human germline, the reconstruction of the genome of the ancestor of the human being, neurogenetics and reproductive cloning exemplify some of the novel issues we are confronting in vigorously contested debates. Do we need to review the validity of the Lamarckian idea regarding the passing on of acquired (genetic) attributes in one individual to their offspring? The result of these developments is that new knowledge and new technical abilities as capacities to act (Stehr und Adolf, 2015) are also perceived as a peril posed to everyone; not merely as a threat and a burden to privacy, the status quo, the course of life and the understanding of what life is; but also as a danger to the very nature of creation (cf. Stehr, 2003).

Are our bodies, our genes and our health all “facts” beyond the limits of social influence and therefore the realm of natural inequality? Or can economic power, social knowledge and governance penetrate this apparently solid givenness in order to render what was *naturally* unequal a matter of *social* inequality? The boundaries of what at one time appeared to be solidly beyond the ability of all of us to change, alter or manage are rapidly being moved. And this ability itself, of course, is not equally distributed; some individuals and groups in some regions of the world may be given this choice; others may not.

Discoveries of scientific knowledge are deeply implicated in the heated discussions over the differences and inequalities of race, ethnicity, gender and sex (see Fuller, this volume). The ostensible biological givenness of these categories has been contradicted by assertions that they are actually fully socially constructed (Lorber, 1993). Sex, for example, was once assumed to be determined by refer-

ence to anatomy; an individual's position in either male or female category was decided through the visibility of certain bodily traits. Developments in scientific research led to this unreliable approach being replaced by chromosome testing, which in turn has been revealed as inaccurate (Fausto-Sterling, 2000: 2). For Anne Fausto-Sterling (2000: 3) "labelling someone a man or a woman is a social decision. We may use scientific knowledge to help us make the decision, but only our beliefs about gender – not science – can define our sex. Furthermore, our beliefs about gender affect what kinds of knowledge scientists produce about sex in the first place." How might this open up new issues of social inequality? As Fausto-Sterling also indicates, not only does the magnitude, the moral, social and political relevance of inequality vary, but so does the attention paid by natural and social scientists and policy makers to specific dimensions and regions of inequality; assumptions regarding the naturalness or pertinence of inequality are prioritised and become central to research, theory and policy. The nineteenth century, for example, witnessed a scientific obsession with race and its apparent connection with intelligence. Samuel George Morton, a respected scientist, devoted a lifetime of research to trying to prove the correlation between different cranial capacity and the natural inequality of races (Gould, 1978). Today social science analysis acknowledges the social generation of the racial dimensions of social, political and economic inequality as well as the category of race itself (Morning, 2014). As another example, scientific evidence undermining the conceptualisation of homosexuality as an illness, supported political protest to transform public perceptions and, ultimately, civil rights (see Gwartney & Schwartz, this volume).

Patterns of inequality are transforming in ways in which are impossible to fully predict but are nevertheless significant and demand attention from researchers and policy makers. Global trends intersect with local contexts to produce certain patterns of inequality in elite dominance (Duca, this volume), social movements (Runciman, this volume) and citizenship rights and immigration (Adam, this volume). It is unlikely that inequality will simply be exacerbated or alleviated. Rather, the diverse forms of social inequality will be weaved together into a new, complex regime of inequality.

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Section One

Capitalism and Inequality

Introduction

Amanda Machin

Today, we live in an era of widespread inequality of income and wealth. This much is generally accepted. What is more contentious are the underlying reasons; is some degree of inequality necessary and inevitable for a functioning economy, or does a functioning economy demand the prevention of acute inequality? Does a free market *ensure* or *stifle* equality of opportunity? What political options exist for the feasible undermining of economic mechanisms? Thomas Piketty's best-selling book *Capital in the Twenty-First Century* (2014) both marked and generated a growing concern of political economists with this question (c.f. Stiglitz 2012). The contributions in this section address the implications of contemporary capitalist economies for social inequality.

For many, including **Scott McNall**, the era of inequality is unnecessarily exacerbated by unregulated capitalism. McNall explains that the neo-liberal agenda of privatisation has hampered the ability, and willingness, of the state to intervene in market mechanisms that extend into sectors previously guarded by the state to open up opportunities for some, and drive down wages for others. The result is rising exploitation and decreasing trust.

One recent development in contemporary capitalism has been the emergence of 'crowd investing.' This ostensibly has opened a new source of finance for up-and-coming entrepreneurs. However, **Jarko Fidrmuc and Adrian Louis** reveal that crowd investing does not actually create opportunities for new groups to reach previously inaccessible capital but rather for those who already had access to bank loans. There remain significant inequalities of educational and gender background of young entrepreneurs financed by crowd investing.

Capitalism of course is constantly undergoing transformations and exists in various forms (Boltanski & Chiapello 2007 [1999]). As **Martin Schröder** explains, the existence of varieties of capitalism, with different levels of inequality, cannot be simplistically reduced to differences in market arrangements and product innova-