

Book review: Jon D. Wisman (2022). *The Origins and Dynamics of Inequality Sex, Politics, and Ideology*, Oxford University Press.

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1. Contributing to the institutionalist research programme: Blending natural and social sciences.

The author, Jon D. Wisman, a Professor at the American University in Washington DC, is the 2023 recipient of the Veblen Commons award given by the Association for Evolutionary Economics (AFEE) to an outstanding scholar in institutional economics.

This masterful book should prove especially interesting to readers of the *Heterodox Economics Newsletter* who must add it to their reading list. Noteworthy is that *Nature* devoted a review to Wisman's book, together with Piketty's latest opus (2022), also published the same year.

The author draws on 17 publications from 1989 to 2018 to develop a long essay on the history of inequalities. The book is written in a fluid style that avoids jargon and testifies to a requirement of persuasion (in Keynes' sense) supporting the reader's attention over 500 pages.

Wisman makes great use of short quotations that introduce the content of paragraphs summarizing his reflection and developing new arguments. He builds with real didactic talent a convincing story that gathers a very wide range of 700 references. A group of 40 authors with at least five separate citations covers a broad spectrum of social and natural sciences: eleven economists (D. Acemoglu, A. O. Hirschman, J. M. Keynes, S. S. Kuznets, J. Stuart Mill, D. North, T. Piketty, K. Polanyi, James Robinson, Adam Smith and T. B. Veblen). In addition, seven historians (J. Appleby, B. van Bavel, M. Mann, J. Mokyr, W. Ideschel, R. Tawney and W. Thompson), seven philosophers (F. Engels, T. Hobbes, J. Locke, B. de Mandeville, K. Marx, C. S. Montesquieu and J.-J. Rousseau), five anthropologists (L. Betzig, J. Diamond, K. Flannery, D. Graeber and J. Marcus), three sociologists (P. Berger, P. Rosanvallon and M. Weber), two psychologists (G. Miller and S. Pinker), two political scientists (J. Scott and A. de Tocqueville), two biologists (C. Darwin and E. Wilson) and one ecologist (B. Low). The book promotes an interdisciplinary approach that articulates inequality, gender, politics and ideology, which unfolds throughout 14 chapters.

2. An overview

We skip the introductory chapter.

Chapter 2 brings in the biological driver for survival that generates inequality: sexual selection and mating for reproduction (Darwin, 1871). Competition for mates, extensively developed by Darwin depend on prevailing social institutions that shape high status. The gene-culture coevolution theory designs genetic and cultural evolution as mutually interdependent (Wilson, 1978).

Chapter 3 sketches the biological evolution of *Homo sapiens*. It is the tale of the emergence of inequality within an egalitarian structure of hunters-gatherers who slowly adopted agriculture.

Chapter 4 tackles legitimation theory, and explains how religion has justified inequality throughout most of history. The rise of economic and political inequality, which elites presented as necessary and fair generated social attitudes and beliefs that justified it, i.e. ideology.

Chapter 5 shows how agriculture facilitated the rise of the State and civilisation in Eurasia about 5,500 years ago. Metal weapons, organisational skills alongside ideology enabled elites that formed the State to subjugate people and extract their surplus. Social hierarchy became rigid, and inequality became extreme.

Chapter 6 is devoted to Europe, where sustainable capitalist economic development first emerged. State competition fuelled an arms race and technological innovation. Rulers in need of revenue could draw resources from expanding trade, manufacturing, and capitalist institutions that accompanied a rising bourgeoisie. The sustainable success of the European bourgeoisie and capitalist institutions constitutes a historical singularity.

Chapter 7 discusses how the transition in Europe from a predominantly agricultural society dominated by landowners to a commercial society with an expanding bourgeoisie drove a new Christian doctrine, which could better legitimate the new institutions. Whereas Catholic ideology could justify the capture of economic surplus by the aristocracy, Protestantism legitimated the emerging bourgeoisie, emphasizing work and asceticism, to reach the same goal.

Chapter 8 echoes Max Weber's thesis on the Protestant ethic (Weber, 1905), explaining that the bourgeoisie in Western Europe challenged the Catholic monopoly on truth and meaning, paving the way to secular legitimation. Political economy became a body of social thought legitimating inequality - throughout the invisible hand, the Malthusian population doctrine, the wages-fund theory, and the trickle-down effect, beginning with the mercantilists in the seventeenth century until the end of the nineteenth century.

Chapter 9 displays how industrialisation and urbanisation during the nineteenth century gathered workers together to organise and claim franchise. Despite increasing inequality, conditions for workers improved and they gradually accessed some political power, whereas the monopoly of elites over the political instance was disrupted.

Chapter 10 points out to what extent the United States was an anomaly, a nation beginning without clear class distinctions and with strong egalitarian sentiment. Inexpensive land implied that workers who were not enslaved were relatively free, but this did not apply to African slaves. Growth rise spans over the period of a century long between the Civil war and the 1970s, despite the Great Depression and World War II.

Chapter 11 discusses Kuznets famous U-inverted curve suggesting that inequality increases during early phases of economic development and declines in later stages it. However, this 'felicitous hypothesis' was contradicted by rising inequality since the 1970s. Government policies shifted to tax cuts for the rich, deregulating the economy, and shrinking the welfare framework.

Chapter 12 addresses the demise of the American Dream that takes place in societies with belief of a fluid social mobility, and inequality encourages households to achieve social status through conspicuous consumption, at the expense of devastated environment.

Chapter 13 opposes Marx claiming that capitalist institutions of private property and markets were corrupting. The problem is not these institutions per se that are essential for economic dynamism and freedom, but the inequality that coevolved with them, providing elites with the political power to structure private property and markets so as to exploit producers.

Chapter 14 sketches some concluding remarks on the future of inequality. Only partial de-legitimation of laissez-faire ideology during the Great Depression triggered 40 years of political measures that significantly reduced inequality. Then the closing of this 'enchanted interlude' gave room enough to a resurgence of laissez-faire and inequality since then, which does not inspire optimism.

Wisman's book stands on three core assumptions ('claims') rather than testable hypotheses.

Assumption 1. Human beings are biologically driven to reproduce and compete for status that will make them attractive to potential mates.

Assumption 2. Human beings are social and therefore political beings¹, thus inequality underlies all politics.

Assumption 3. Ideology has been the most important political weapon sustaining inequality, making the weaker to believe that inequality is in their interest, and thus fair.

Competition is driven by the dynamics of sexual selection channelled by political institutions. It is in this sense that social inequality is political. This competition generated knowledge and progress, which set the conditions for improving human welfare.

The blank slate metaphor assuming that experience writes the full script for human behaviour is flawed. Human behaviour is a product of gene-culture coevolution, whereby changes in genes can lead to changes in culture and *vice versa*.

We focus on a few comments in the following sections.

3. Origins: Sex and the Darwin-Veblen nexus

Wisman's Assumption1 is rooted in biology.

The origins of inequality can be traced to Darwin's dynamics of natural selection and sexual selection, which can oppose each other. A male may be fit to natural selection (survival), but prove disadvantaged by sexual selection.

Veblen (1898) designed a blueprint of the institutionalist research programme upon epistemological underpinnings, and not on the content of the Darwinian approach, he claims to be scientific. The economic life history of the individual is a cumulative process of adaptation of means to ends that cumulatively change as the process goes on, both the agent and his environment being at any point the outcome of the past process. Wisman emphasizes that, in spite of his attempts to make economics a Darwinian evolutionary science, Veblen failed to appropriate Darwin's theory of sexual selection.

Interestingly, Popper (1979) changed his mind with respect to Darwinism, he first considered as a metaphysical research programme—a possible framework for testable scientific theories. Later on, he states that Darwinism is a scientific explanation.

¹ Referring to Smith (1759) and Aristotle, who assume a 'propensity to trade', making exchange the core of social bond.

Polygyny results from inequality in access to females. Polygyny became pervasive, alongside inequality, about 5,500 years ago in Eurasia. Economic, racial and gender inequality has shaped the history of humanity since the late emergence of the State. It consists in the extraction of agricultural surplus by elites upon three conditions: a military force with metal-based weapons, an ideology based on the belief that inequality results from the just will of the gods, the confinement of populations by geographical or socio-political barriers preventing them from escaping.

Although the word population occurs very often, the issue of demography is little tackled. Lévi-Strauss (1955) is quoted about the Neolithic, but not about infanticide and abortion that some Brazilian and Canadian tribes have used to stabilise the birth rate.

4. Inequality: An ongoing relationship with politics rather than with economics

Wisman's approach to inequality is rooted in political science.

Wisman pays tribute to authors providing statistical studies of inequality (Piketty, 2014; Milanovic, 2016), but dismisses the assumption that inequality is grounded on economics. It is first grounded on human biology, sexual selection is the ultimate cause of competitiveness and thus the ultimate cause of inequality (Assumption 1); It is politics, not economics, that determines the degree of inequality (Assumption 2), which ideology (Assumption 3) legitimates.

It is assumed that extracting the surplus is an economic issue, but surplus can be wasted (gift or conspicuous consumption) instead of being accumulated. To put it differently, the political arrangement for hunters-gatherers is that there is no surplus (the counterfactual) according to Pearson (Polanyi et al, 1957), who is not cited.

There was little material and political inequality among hunter-gatherers. Wisman points out that agriculture was a precondition for the rise of the state and civilization, private property, subjugation, and extreme inequality. Noteworthy is that agriculture requires some provisioning (e.g., for the seeds), which paves the way to the economic stake of accumulation. Hence, is not economics a driving condition for political unequal distribution?

5. Ideology as the legitimation of ongoing unequal distribution

Elites do not necessarily conspire consciously to craft ideologies that will legitimate their privileges

Wisman joins North (1981) and Piketty among the few economists that recognize the role of ideology, defined as beliefs or "shared mental attitudes". However, he emphasizes on ideology as an instrument of exploitation and legitimation.

Wisman quotes Schumpeter (1954) who coined Marx as the discoverer of ideology. The use of the term ideology Wisman makes in this book differs from positivist philosophers and Popper (1945) who opposed ideology to science, an empirically based thought. This opposition distorts ideology of its specific meaning as an instrument of exploitation. Ideology is a matter of doctrine, in the pre-analytical sense the 1948 presidential address of Schumpeter (1949), which is not mentioned.

In as much as ideology is a major assumption, the concept would have deserved some additional historic and sociological references, such as Lukacs (1923) and Mannheim (1929), beyond the pamphlet of Marx and Engels (1845).

The religion of foragers reflected their high degree of social equality. There were no priests or ecclesiastical hierarchy. Such is not the case with the Church in Europe extracting a part of the surplus, enabled by a specific tax system and the trade of salvation promises (trafficking of

indulgences), which is little documented. Between the fall of the Roman Empire and the late Middle Ages, the doctrines of the Church considered profits, interest, alienable property and competitive markets as disruptive towards the landlord social order. In contrast, Protestantism designed a new ideology based on “disenchantment of the world”, fuelled by hard work and thriftiness of individuals standing alone before God for salvation (Weber, 1905).

6. Inequality and the rise of capitalism

Transactions costs—the cost of forming markets—were lowered, stimulating trade and the growth of urban centres. Urbanisation expanded in the twelfth and the thirteenth centuries.

Increasing population density, evolving modes of organisation, such as the ‘putting-out system’, and improved military technology gradually made larger political entities both possible and necessary.

The growing success of the bourgeoisie in the class struggle with landlords created the conditions for capitalist economic development. The dynamics of capitalism would eventually lead to democracy by requiring the extension of political rights to workers in the late nineteenth century. However, Wisman observes that the sustainable triumph of Europe’s bourgeoisie stands as a historical singularity.

Then, Wisman’s focus is on the case of the USA, which becomes the most powerful capitalist economy at the brink of the twentieth century, experiencing a major concentration of wealth and strong income inequality.

However, prior the prosperous 1920’s that returned to laissez-faire, the “Progressive Era” (1896–1916) was a period of widespread social activism (notably Theodore Roosevelt’s pro-labour policies) and political reform, which gave birth to regulatory agencies.

The Great Depression started as a financial crisis and transformed into a full-blown depression, due to major policy mistakes: the Federal Reserve System did not stop the money supply contracting, -driving a liquidity crisis, bank failures, and deflation, the Smoot-Hawley Tariff Act of 1930 was the most protectionist legislation in US history.

7. Kuznets’ exceptionalism and the backlash of laissez-faire in the 1980s

In 1939, 10 years after the onset of the Great Depression, 11 percent of the US workforce remained unemployed. By 1944, the unemployment rate fell to one percent and kept low until the 1970’s. Why?

First, the government began massive deficit spending and became an employer of last resort. Then, “financial repression” occurred during the 1945-1980 period, wherein which real interest rates were on average negative, enabling the liquidation of a very large public debt. Hence, the combination of robust economic growth, labour empowerment, lessened inequality, and freedom from fear of extreme privation did set the conditions for the so-called “Kuznets happy interlude”.

The issue arises whether Kuznets designed a universal U-curve that would stand for a (rather optimistic) theory of economic development, predicting a rising inequality in first economic stages and a declining trend in later stages.

Kuznets used a scant sample including the United States, the United Kingdom, and Germany to gauge the trend in income inequality.

In the US, the share of quintiles declines at the top and increases at the bottom of the income distribution from 1929 to 1950. In the United Kingdom, the same pattern applies to the share of the top 5 per cent versus that of the lower 85 per cent from 1880 to 1947. In Germany, income

inequality drops from 1913 to the 1920's but begins to return to pre-war levels during the depression of the 1930's.

Actually, the trend does not fit the same time span, possibly to the different metrics. Hence, the US trend may prove specific at the time Kuznets (1955) wrote his paper, but becomes slightly more universal when the time span extends to the mid or late 1970s. Business cycles almost disappeared in post-war era until the 1970s (Bronfenbrenner, 1969) and Keynesian consensus remained strong. Sustained 40-year decline in inequality appears to be a historical singularity.

Kuznets hypothesis justified leaving inequality off the economics research agenda as a problem that would solve itself. Kuznets did not share this optimistic ideology. He actually wrote that the shift toward greater equality would not be driven by purely economic forces, but by politics.

Dissatisfaction with the Kuznets hypothesis is due to the failure to see an upswing in equality in cross-sectional data. Inequality therefore follows a reclining S curve (Milanovic's 'elephant curve') and not an inverted U-curve.

The economy crashed in late 1973, and the ensuing severe recession lasted until the spring of 1975. It was the worst downturn since the Great Depression, pushing unemployment to 9 percent and rekindling worker insecurity. Six years later, the recession from mid-summer 1981 to late fall 1982 drove unemployment to 10.8 percent

“Stagflation,” combining low growth with high unemployment and high inflation, trapped the economy and dismissed the Phillips curve. Keynesian economics were no longer legitimate and laissez-faire experienced a revival with supply-side economics.

8. The future of inequality

Wisman's book states that inequality is not limited to wealth and includes racial segregation and gender discrimination. It would have been useful to mention some of the reforms and their outcomes, for instance with reference to 'affirmative action' and the Great Society program of Lyndon B. Johnson in the 1960s and its extension in the 1970s. Similarly, a brief discussion on the link between inequality and fairness as first argued by Rawls in the late 1950s is missing.

Markets have the extraordinary power for social coordination. Wisman claims that indicting markets and private property for rising inequality is barking at the wrong tree. A society in which work would be guaranteed, alongside workers' control upon the means of production, and the two institutions that most characterize capitalism—free markets and private property—still prevailed, would no longer be capitalism.

Inequality deteriorates social cohesion and hampers social mobility. It impairs the capacity to address climate change, strengthening the power of wealthy individuals, who cause the most environmental damage. Wisman advocates the transformation of capitalism with progressive taxation, generous welfare and expanding forms of employee ownership of companies. If we are looking for worldwide sustainable prosperity and a fair distribution of resources, thus lessening inequality, reading Wisman's book becomes compulsory.

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