A Different Road to a Fair Society

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The Society of Equals
by Pierre Rosanvallon, translated from the French by Cary Nelson. Harvard University Press, 376 pp., $35.00

The sharp rise in inequality since the 1970s has created two puzzles. The first is an intellectual puzzle concerning the root causes of the widening gap in income and wealth, its social consequences, and its moral significance. The second is a practical and political puzzle, at least for those who are disturbed by increased inequality. What can and should be done? Depending on the answer to the first, the second may be more or less difficult. If rising inequality is primarily the result of economic changes brought about with new information technology, returning to a more equal distribution of income poses a daunting, perhaps impossible challenge. The global transformation of contemporary capitalism is not about to be undone. But if the causes of rising inequality lie chiefly in government policy on such matters as taxes, the remedy is at least clear, though certainly not easy.

According to the received wisdom of the mid-twentieth century, the recent increase in inequality was not supposed to happen. In 1955 the economist Simon Kuznets proposed that income inequality rises during the first long phase of industrialization and then falls, a view that had been updated to the evidence at the time. In the United States, after earlier increases, economic inequalities declined significantly during the 1940s (“the great compression”), Claudia Golden and Robert Margo call it). France and other industrialized countries also saw reductions in inequality between 1914 and 1945. Then, for the three decades after World War II, wages rose in line with increased productivity, governments expanded social programs while maintaining progressive tax rates, and a “middle-class standard of living” seemed to have achieved a middle-class standard of living.

This, it seemed, was the destiny of democratic capitalism; disparity in income and wealth would remain, but they would be substantially smaller than in the past and they would be of diminished moral significance as economic growth lifted incomes for nearly everyone. Poverty, once a mass phenomenon, came to be seen as a problem of minorities in both the ar
themtical and ethnic senses of that word. To improve conditions for poor, stigmatized blacks and other minorities was to solve what remained of the old problem of structural poverty. So closely was inequality identified with poverty that the two terms were often used as if they were interchangeable.

That understanding of inequality has now broken down in the United States and to varying degrees in the other economically advanced democracies. Inequality today refers not just to the divergence of the poor from the middle class, but also—indeed, especially—to the outsized gains of the rich in an era when middle-class incomes have stagnated. In the United States, according to the economist Emmanuel Saez of the University of California, Berkeley, the ratio of median incomes to total pretax income from about 33 percent in the late 1970s to 50 percent by 2012. The top one percent alone now capture more than 20 percent of total income, double the share they received before the Reagan years.1 Meanwhile, public policy, particularly tax policy, has become less redistributive. The marginal rate on the top federal income tax bracket, which was 70 percent during the 1970s, has been reduced below 40 percent. In the last 30 years, most workers’ wages have stopped growing in line with productivity. Between 1973 and 2011, productivity increased 80 percent, but median hourly compensation rose only 11 percent.2

The political response to these changes has been muted despite the financial crisis and Great Recession of 2008–2009. The economic trends may even have intensified. After losing some ground in 2008, the top one percent have since seen their incomes soar, capturing, according to Saez’s estimates, 95 percent of all gains from economic growth between 2009 and 2012, a period when incomes for the bottom 99 percent have hardly budged. Finance executives have reaped the biggest bonanza. According to Steven Kaplan and Joshua Rauh, the average pay (in 2010 dollars) for the twenty-five highest-paid hedge fund managers climbed from $134 million in 2002 to an astonishing $327 million in 2012. In every year since 2004, those twenty-five hedge fund managers alone have received more income than all of the chief executive officers of the Standard and Poor’s 500 companies combined—and, of course, those CEOs haven’t been doing badly.3 But if people are angry about so much wealth going to so few, they are keeping quiet about it nearly everywhere.

This passive consent to inequality is the point of departure for the French historian and political theorist Pierre Rosanvallon in his new book, The Society of Equals. As Rosanvallon writes, there is “a generalized sense that inequalities have grown ‘too large’ or even become ‘scandalous,” but that sense “coexists with tacit acceptance of many specific forms of inequality and with silent resistance to any practical steps to correct them.4 The crisis of equality therefore involves more than widening economic disparities: it reflects the collapse of a whole set of old ideas of justice and injustice” and “must be grasped as a total social fact.” Rosanvallon would like his book to provide a comprehensive understanding of what caused the general sense of resignation and revive equality as a moral ideal and political project.

In the territorial division of the Anglo-American academy, the study of the past and philosophical inquiry are usually kept separate. The Society of Equals, in contrast, is a work of both history and political philosophy: a sweeping historical analysis of equality since the American and French Revolutions and an effort to reconstruct the understanding of equality for a new “age of singularity” when “everyone wants to ‘be someone.’”5

By my count, the book is the sixth by Rosanvallon translated into English from a large body of scholarly work primarily about the French political tradition and the history of democracy. Drawing on deep historical knowledge and long reflection on democracy’s difficulties, he has an uncommon gift for concisely identifying central tendencies, principles, and paradoxes. Rosanvallon’s history is mainly about France and the United States, with occasional reference to Britain and other European countries. Rather than focus on the differences among nations, he emphasizes the similarities, suggesting that the same waves of change have driven developments on both sides of the North Atlantic. These choices enable Rosanvallon to tell a story with a simple and convincing structure and to cast the present crisis as a new but not unprecedented situation.

The history of equality, as Rosanvallon conceives it, has unfolded in two great arcs since the eighteenth century. In each one, there first developed a social and intellectual model of equality, which was then undercut by changes in political economy. In the first great arc, the American and French revolutions introduced visions of a “society of equals,” but the advent of industrial capitalism in the nineteenth century exposed the limits of those ideals, leading to a crisis characterized by a series of “pathologies of equality.” For example, nationalist and racist movements attracted support from groups that previously had supported a more inclusive egalitarianism.

In the second great arc, beginning around the turn of the twentieth century, European countries and the United States overcame the crisis through new ideas and policies, including the progressive taxation and redistributive social policies we identify with Roosevelt’s New Deal and Truman’s Fair Deal. Today that welfare-state vision of a society of equals confronts a crisis of inequality parallel to the earlier one, also generated in part by changes in political economy accompanied by some of the same pathologies—but requiring a new answer.

Identifying the American and French revolutions with the aspiration to create a “society of equals” may seem an overstatement. The more common view is that the revolution…

that those revolutions primarily sought to advance political rights, not economic or social rights, and that they fell far short of including everyone, most obviously American slaves. In Rosanvallon’s telling, however, eighteenth-century egalitarianism was broader than it appears to many people who judge it by the twenty-first-century standards because it sought anything radical in a vision of equality that left out women and nonwhites.

Here else, Rosanvallon goes on to say, thought it beyond the pale in political experience. At a time when rank and privilege were sources of power and personal domination in colonial America as well as prerevolutionary France, the promise of democratic equality was an electrifying departure.

“The idea of democracy,” he suggests, “introduced a much more significant undercurrent of thought in the eighteenth century than did the idea of socialism.” To be sure, socialism did not emerge as a movement until the nineteenth century. But the socialist aim of leveling wealth and creating an even dream and did not necessarily imply an equal share in government; what socialism demanded was “a social community of brothers rather than a real social equality of men.”

According to Rosanvallon, the eighteenth-century democratic understanding of equality—the understanding of Paine and Rousseau—aimed to eliminate hierarchies of rank, posted a basic “similarity” of human beings, and elevated the concept of citizenship. It sought to make men independent in the sense of not being subordinated. While the cause of democratic equality faltered in France under Napoleon and the restored monarchy, it continued to advance in the United States in the early nineteenth century. By the 1830s, not only Alexis de Tocqueville but many other European visitors to the United States were impressed by what seemed to them a remarkable “democracy of manners” in daily life in America.

Nevertheless, this tradition of democratic equality was unprepared for the industrial revolution, which produced immense differences in wealth and poverty that came with it. Condorcet, Rosanvallon suggests, was typical of the tradition’s eighteenth-century thinkers in optimism and the belief in the “natural goodness” of man, which emphasized social causes and conceived of inequality as arising in part from risks such as accidents, ill health, and unemployment. A new statistical concept of inequality was to emerge in the mid-twentieth century, propelled not by economists but by politicians of the welfare state.

Change followed the same course on both sides of the Atlantic as governments introduced the central elements of the modern welfare state: progressive taxation, social insurance, and regulations protecting labor. As Barry Harley has shown, the adoption of a reformed liberal nationalism emerging from the liberal tradition of the early twentieth century, which Rosanvallon describes as an “egalitarian democracy,” often transferred wealth to the “undeserving” and cashed out inequalities. As late as 1944, the prewar egalitarianism of such leaders as Guizot, with its emphasis on individual merit and education, had faltered, and the restored monarchy, it continued to advance in the United States in the early nineteenth century.

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capitalism has put “a new emphasis on the creative abilities of individuals,” and jobs increasingly demand that workers invest their personalities in their work. No longer assured of being able to stay at one company, employees have to develop their distinctive qualities—their “brand”—so as to be able to move nimbly from one position to another.

As a result of both cognitive and social change, “everyone implicitly claims the right to be considered a star, an expert, or an artist, that is, to see his or her ideas and judgments taken into account and recognized as valuable.” The demand to be treated as singular does not come just from celebrities. On Facebook and many other online sites millions are saying: here are my opinions, my music, my photos. The yearning for distinction has become democratized. Yet amid this explosion of individuality, equality loses none of its importance: “The most intolerable form of inequality,” Rosanvallon writes, “is still not to be treated as a human being, to be rejected as worthless.”

With this view of contemporary society in mind, Rosanvallon attempts to put equality on a foundation emphasizing three principles, which he terms singularity, reciprocity, and commonality. The idea of framing equality around the principle of singularity is provocative and appealing. Of course, even in the age of YouTube and Twitter, no society could possibly satisfy the desire of everyone to be a star, but in Rosanvallon’s conception singularity is a basis of human connection: “The difference that defines singularity binds a person to others; it does not set him apart. It arouses in others curiosity, interest, and a desire to understand.” Singularity demands recognition and acceptance:

Each individual seeks to stand out by virtue of the unique qualities that he or she alone possesses. The existence of diversity then becomes the standard of equality.

The principles of reciprocity and commonality then add a greater sense of mutual responsibility.

As attractive as these ideas are, it is not clear how well they work as philosophy or politics. Rosanvallon presents his three principles as an alternative to the theories of justice of John Rawls and Ronald Dworkin, and as a basis for mobilizing “against equality’s detractors.” But from a philosophical standpoint, Rosanvallon’s theory lacks clear criteria for judging distributive questions; it is too vague to be wrong, although not vague enough to be interesting.

And from a political standpoint, it is hard to see why an ideal of singularity can be the basis of a politics of solidarity, or how singularity has much to offer in mobilizing against inequality. The top executives being paid astronomical sums claim singularities of their own.

Rosanvallon contends that we need to reformulate egalitarianism because we live in “an individualist age,” but this may be a particularly European concern. What period in American history, except perhaps in wartime, has not been an age of individualism? American justifications for public education, Social Security, and other policies that promote equality have always been framed as promoting individual opportunity and security as well.

In fact, the case for equality is easier to make in America today than it has been for a long time. When liberals were pursuing equality mainly through programs for the poor, and particularly the minority poor, justifying those programs was a political challenge. The traditional working-class constituency for egalitarian policy did not exist for minority-oriented programs in the US—and not only because of racism. Many of those with incomes just above the welfare levels resent paying taxes to benefit people only slightly worse off than they are. But today, when the gains of economic growth have gone to a small sliver of society at the top, equality-promoting reforms can be justified on behalf of nearly everyone.

And if the immediate sources of rising inequalities lie primarily in public policy—for instance, tax breaks for the rich—rather than global capitalism, the objectives of change are clear. Rosanvallon is entirely right in turning to history as a source of hope as well as understanding. We can now see that rather than being capitalism’s final destination, the era of redistribution in the twentieth century was an exceptional period when war, depression, and the threat of revolutionary change led to a more equal spread of income and wealth.

But the current era of rising inequality is also not history’s last stop. The extreme concentration of gains from economic growth in America today has not produced a stable political situation. Labor’s weakness is also not necessarily permanent. With declining population growth, especially in the advanced economies, workers may regain bargaining power. The groups with a growing share of population such as Hispanics and other recent immigrants are also generally disposed to support redistributive measures. So despite Piketty’s warning of a return to patrimonial capitalism, the balance of forces may tilt back in favor of egalitarian interests. Greater economic equality is certainly not inevitable; it will require thought and political organization to make the most of the opportunities that history affords, and Rosanvallon’s Society of Equals is one of the resources to carry along on that journey.