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Review: Trends in American Inequality: Economic vs. Sociological Models
Reviewed Work(s): American Inequality: A Macroeconomic History by Jeffrey Williamson and Peter Lindert
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cal concepts. Changeux points out that it is very difficult to show the genetic basis for even the simplest behavioral ability. While it may be desirable to study language acquisition as if we were studying a physical organ, Changeux states that it would be unacceptable to say "that the environment does not introduce any more complexity into the brain than into any other physical organs." The penetrating compromise offered by Changeux (and endorsed by Piaget) is much too complex to present in the limited space provided for this review. Briefly, the theory proposes that whereas the total stock of genes in mammals has "remained at a constant and low value" in the course of their evolution, the complexity of the nervous system is said to have continued to increase. Learning may be viewed as the result of an increasing complexity of the system with a constant number of genes.

It is difficult to impose some closure on a book that is full of complex arguments that presuppose that the reader is aware of a number of theories about language and development. Readers might find it difficult to follow many of the arguments unless they have some familiarity with a number of concepts in several fields that have recently been subsumed under the term "cognitive science."

For many sociologists the debate may seem to be irrelevant for their work because so many of the ideas discussed in the book are far removed from the kinds of social issues and structural conditions addressed in sociology journals. Few sociologists are prepared to study the role of language and memory in the processing of information during interviews and surveys. Others might be indifferent to the idea that the use of historical data presupposes a theory of language and comprehension, of interpretation and summarization, that is of fundamental importance for comparative historical research. Nor would many sociologists accept the fact that the study of social interaction can never ignore the discourse processes that build on language and cognition. So the book under review will probably not attract the interest of many sociologists, but if we examine its contents closely, we will find that it addresses conceptual and epistemological issues that are foundational for all social and behavioral science.

Trends in American Inequality: Economic vs. Sociological Models

American Inequality: A Macroeconomic History, by JEFFREY WILLIAMSON and PETER LINDERT. New York: Academic Press, 1980. 362 pp. $29.50 cloth.

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The Challenge

Jeffrey Williamson and Peter Lindert, two economic historians, have presented sociological research and theory with a significant challenge. Their *American Inequality* is a landmark work that will force sociological theorizing about inequality to move from rather vague, and often ideological and polemical, metaphors about the causes of inequality to more precise and quantitative models of inequality. Moreover, it will serve as an exemplar to research-oriented sociologists in how to gather quantitative historical data. Yet, like most general equilibrium models in economics, many of the variables of most interest to sociologists are excluded from analysis. As a result, there is technical elegance that, at times, reveals an air of unreality from a sociological viewpoint. But Williamson and Lindert have placed the burden of proof on those sociologists who would question their explanation for trends in American inequality. This challenge, it is hoped, will compel sociologists to be more precise in asserting the superiority of sociological over economic models of inequality.

The Findings

Using a variety of data on wealth and income inequality since the colonial period, Williamson and Lindert conclude:

- Trends in wealth and income inequality are highly correlated, with a probable causal relationship between the two.

- Inequality remained stable in the colonial period but increased dramatically during the four decades prior to the Civil War.
- The Civil War decreased inequality within regions but increased it between the North and South.
- Inequality trends were less definite in the decades after the Civil War, but by World War I, inequality had increased again and was equivalent to that in Europe, especially England and Germany.
- World War I decreased inequality but by 1929 it had reached the prewar level again.
- Then, since 1929 and through World War II to present, inequality decreased and stabilized as pre-fisc. inequalities have been compensated for by progressive taxation and transfer payments.

These long-term trends conform, Williamson and Lindert argue, to Simon Kuznets's argument that inequality increases with economic growth and then declines during the later stages of industrialization. Moreover, this pattern calls into question the presumption of many sociologists that inequality has increased in the twentieth century. Equally important in this vein, Williamson and Lindert raise serious questions about the data of Gabriel Kolko (1962); and, in fact, their analysis of his data is so devastating that Kolko's work can no longer be seriously considered in analyses of inequality.

While their data are far from complete, Williamson and Lindert's collection of information on wealth and income is, by far, the best effort yet on trends in inequality. Moreover, they provide numerous leads for filling in gaps in their data.

Explaining Inequality

The explanatory variables in Williamson and Lindert's model are not typically given great attention by sociologists: (1) biased technology, (2) sectorial capital accumulation, and (3) labor supply. Biased technology is seen to generate selective capitalization that substitutes more readily for unskilled than skilled labor; and when the unskilled-labor pool is large and the skilled force is comparatively small, then wage gaps between skilled and unskilled workers increase. And as a result, income and wealth inequalities increase. Diagrammatically, Williamson and Lindert's argument is presented in Figure 1.

Several features of this model should be emphasized, since they contradict typical sociological arguments. First, existing inequalities are not seen as an important cause of subsequent inequalities. In Williamson and Lindert's view, the moderate levels of inequalities in the colonial period are not causally connected to the dramatic increase in inequality in the antebellum period. That is, colonial inequality was not sufficient to generate capitalization and the development of new technologies. Second, governmental policies are not viewed as a significant force until after World War II when taxation and redistribution compensate for relatively small pre-fisc. in-

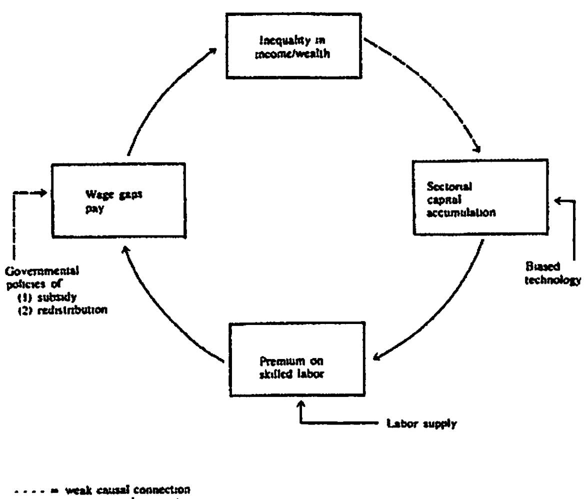

Figure 1: Economic Model of Inequality

creases in inequality. Indeed, Williamson and Lindert argue that the recessive role of the federal government in taxation and transfer payments for most of American history, especially during the period of great increases in inequality, precludes it as a major cause of inequality.

The difference between the economic model and the model usually proposed by sociologists is highlighted by Figure 2, which presents the more sociological view. For most sociologists, existing inequalities create differences in power that are used to influence economic and political decisions that increase inequalities. Unless this cycle is broken by mitigating conditions, such as democratization, unionization, ideological persuasion, consolidation of power by the disadvantaged, etc., inequality tends to increase. Thus sociologists focus on those conditions that retard or accelerate capacities of various economic and political sectors to consolidate power, control key economic and political decisions, and extract economic surplus.

It is evident, then, that the economic and sociological models stress different forces, although sociologists would certainly include the variables in Williamson and Lindert's model. But these would be given less emphasis and would be subordinate to an analysis of inequalities in power. Such an analysis would involve not only formal governmental decisions (taxes, subsidies, income maintenance, etc.) but also informal decisions and uses of power as well as indirect consequences of political decisions. From a sociological viewpoint, technological development, capital accumulation, and labor supply do not occur in a "free market" but in a context of political power. A wide spectrum of political processes—e.g., formal and informal policies, decisions, and actions by governments at the national and local level—all have an enormous impact on technological development, capital accumulation, and the demographic as well as the cultural profile of labor. For example, one gets little sense in Williamson and Lindert's argument that the following political decisions have influenced inequality: land grants for research-oriented universities; creation of public utilities; government purchases and leasing of mineral resources; subsidies of roads, railroads, airlines; state and local actions in the face of labor-management disputes; tariff policies; state and county property tax incentives; immigration policies; government support for the splitting and segregation of labor markets by sex, age, race,

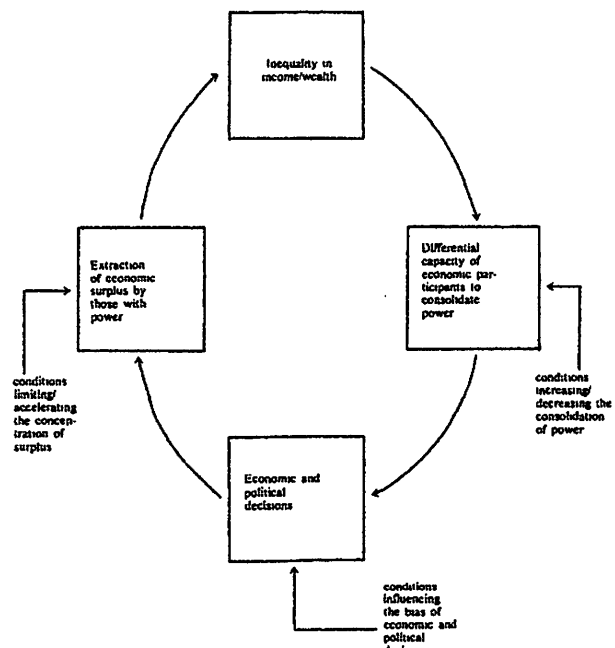

Figure 2: General Sociological Model of Inequality

ethnicity; housing policies; and so on. The effects of these forces are hard to quantify, and hence, get excluded from the economic model.

Moreover, there is another empirical bias inherent in macro economics that is not evident in macro sociology. As macro economists, Williamson and Lindert are not particularly concerned with the differential impact of inequality on diverse subpopulations—say, blacks, Hispanics, and women. Sociologists would always be alert to trends in inequality for these and other subpopulations as a supplement to analysis of the overall trend in inequality. When the population is partitioned in this way for more in-depth analysis, the magnitude of inequalities and their effects on people's lives and the dynamics of a society become even more evident. While useful, knowledge of the general trend in inequality is not nearly as important for the analysis of a society as is ascertaining the relative trends in inequality among diverse subpopulations. To take the obvious example, the unequal distribution of wealth and income is highly correlated with the darkness of people's skin in the United States; and it is as important for understanding American society to know the strength of this correlation as it is to record, as Williamson and Lindert do, the long-term trend in income differentials for skilled and unskilled workers. Moreover, many of the dynamics of crucial variables in both the economic and sociological models, such as labor supply, are profoundly affected by the forces that cause this high correlation. Yet, at the empirical level, economists rarely talk about these issues, giving their data sets and elegant models an air of unreality.

Finally, the policy issue that Williamson and Lindert find most interesting—namely the "growth-equality" trade-off during economic development and Simon Kuznets's curvilinear argument—has not aroused great sociological interest, perhaps because sociologists are excluded from most policy debates in the United States and elsewhere. We are often excluded, it can be argued, because sociological models direct their attention immediately at those who seek policy advice—the powerful. As a result, economists are more likely policy candidates, because their models almost always ignore the issue of power, except in the safe and sanitary form of quantitatively measured effects of "governmental programs" as these are inserted into general equilibrium models. Yet, Williamson and Lindert's discussion on this issue is useful, and their presentation of the general curvilinear profile of the long-term trends in inequality is essentially correct. As such, their analysis provides an important conceptual and empirical challenge to many radical, and even many not-so-radical, interpretations of trends in inequality.

Other Literature Cited

Kolko, G. 1962. Wealth and Power in America. New York: Praeger.