



PATRIOTIC EGALITARIANISM

by

Gordon Tullock
Karl Eller Professor of
Economics and Political Science
University of Arizona
Tucson, Arizona, USA

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ABSTRACT

The theme of this paper is that most people who talk about egalitarianism actually want something different from what they say. If we observe their behavior we see that they do not make any serious effort to help the very poor people in the world who live outside their national boundaries, but instead concentrate the bulk of their charity on people who live within their national area. Thus the title "Patriotic Egalitarianism". The suggested improvement for behavior is not that they begin doing what they say, but that they begin saying what they do - in other words, that they change what they say and not attempt to change their behavior.

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Long ago I was a China expert and the Chinese philosophers emphasized the necessity of rectifying terms and clarifying one's thoughts. The point of this paper is to suggest that most people who talk about egalitarian policies require some rectification of terms and clarifying of thought. What they say and the policies that they advocate are inconsistent with each other.

Like most economists, I think that what people do is a better indication of their actual desires than what they say. Therefore, I am not criticizing people for not doing what they say they are doing, I am criticizing them for not saying what they are actually doing. I don't want to change people's behavior, I want to change the language in which egalitarian policies are normally described and advocated.

I live in a university community and, as in most university communities, many of my colleagues express egalitarian sentiments. About 100 miles south is the Mexican border and south of the Mexican border there is a very large collection of Mexicans whose incomes average about 10% of American incomes. Indeed, the small but very conspicuous homeless community in Tucson who raise so much concern on the part of my colleagues would be regarded as

comfortably middle income people in Mexico. Or at least most of them would. Some of them would be poor even in Mexico.

Of course Mexico is by no means the poorest place in the world. Indeed, it isn't too far from being a medium income country and since it is making progress, particularly under the current president, Mexican citizens have a great deal more hope than one would expect elsewhere.

Oddly enough my colleagues, egalitarian or not, do not seem to be particularly interested in this issue. They do not seem to think that egalitarianism should extend to Mexico although they don't directly say that. They simply drop the whole problem into the memory hole.

Let me give two examples. I had as a student in one of my classes a very very bright graduate student whose major was in political science. He received a research grant to go to Nogales and look at their macquiladora which is a special free trade center in which American companies put up factories for assembling things that are to be sent to the United States duty free. This is a relatively new installation and the bulk of the Mexicans working in these factories are recent arrivals.

As one would be expected, the physical facilities for their housing, etc. are even more inadequate than they are in other parts of Mexico¹ because of the fact that the macquiladora is new and not yet into equilibrium. My student was deeply indignant about this.

¹ The actual accommodations that he was disturbed by were located outside the macquilidora but he apparently thought that his research project applied there too.

He was particularly indignant about the water supply situation. Notably, however, he blamed all of this on the American manufacturers who do not provide housing or water. He did not blame the municipality which normally would have provided the water, apparently because that was Mexican. Nor did he suggest that we American private citizens and voter should do anything about it.

To deviate from my main theme, he felt that the companies that hire labor there should provide the laborers with an efficient and clean water supply although companies in the United States do not do this for their employees nor for that matter do most employers in Mexico. I asked would these people be better off with a water supply or being directly paid the cost of the water supply. He looked shocked and said: "That is a question that should not even be asked".

This is only one example. My second is Richard Musgrave, a very prominent economist and a well known egalitarian. In reviewing my book The Economics of Income Redistribution² he said that I raised irrelevant issues. He didn't bother to tell the readers what these irrelevant issues were, but as a matter of fact they were international comparisons. I took the view that a human being is a human being and it was incorrect to say you were helping the poor if in fact you confined your major aid programs to Americans whose incomes were perhaps 5 or six times the world average. The existence of foreign aid programs which costs perhaps

² Hingham, MA: Kluwer-Nijhoff Publishing, 1983.

2% as much as payments to lower income americans would slightly, but only slightly, mitigate the problem.

It was particularly interesting that he did not communicate to the readers what it was he was objecting to, probably because he himself was not capable of articulating this horrible thought.

All of this is similar to my normal experience when I talk about this matter. Egalitarians to whom I speak have several poor answers., A Chairman of a Department of Political Science once said when I pointed that foreigners are poorer than Americans: "I am talking about our government." I'm sure she did not really think it was impossible for our government to transfer money abroad in much larger quantities than it is now.

I should say, speaking as an economist, there is no practical limit for such transfers. It would be a little difficult to transfer let us say 3/4 of our national income to poor people living in Africa, India, China, etc. But it's not impossible if the American people wanted to do. Of course they don't. And among those who don't want to make such a transfer are those people who allegedly are strong egalitarians.

There was another reaction. My exchange with the Chairman came at a meeting in which she was giving a speech. It was during the question period afterwards. The bulk of the audience, intellectuals from the university, simply showed great indignation that I should even mention the subject and insisted that I shut up. Their attitude showed a highly apesialized egalitarianism, it seemed to contain a feeling that somehow you should only talk about

American government activity and only then if it is somehow or other directly connected to Americans.

To give a somewhat different example from my experience, during the period of the Great Leap Forward in China, two professors in South Vietnam were arrested by the South Vietnamese government which alleged they were communist spies. I have no idea whether they were or were not.

My point here, however, is that the Asian Studies Association meeting at that time had a motion put before the membership which deplored these people being arrested and being held without anyone knowing exactly where they were.

It was a big meeting with perhaps 500 people present. I rose and offered an amendment, saying that we were swallowing a camel and choking on a gnat. I suggested simply that we also express concern about the literally tens of thousands of professors in communist China who had disappeared and who were frequently being tortured as well as imprisoned under extremely unpleasant conditions. I was unable to get a second, let alone win the vote.³

There doesn't seem any obvious reason why we should think that Americans deserve a higher income than foreigners or that citizens of our allies should be treated better than citizens of our enemies. There is, however, another argument that is sometimes used which is the relative deprivation argument. It is said that people are made unhappy by poverty only when they can compare it

³ The original motion also failed, the chairman ruling it out of order under our charter and the meeting upholding his ruling.

with other people around them and hence the villager starving in Africa doesn't really feel as poor as does an American who doesn't have a color t.v. I call this the argument that if everybody has a toothache it doesn't really hurt.

It's interesting also that this particular idea is always used only nationally. We do not inquire whether the citizens of Beverly Hills surrounded as they are by other people most of whom have astonishingly high incomes would feel relatively deprived if their income was only \$500,000 a year.

Mexicans who live in Mexican Nogales and who every day go across to American Nogales to shop for food⁴ are assumed not to feel relative deprivation. On the other hand, somebody living in American Nogales who also goes into Mexican Nogales from time to time for shopping for other kinds of goods, but whose income is only, let's say, four times the Mexican average does feel relatively deprived because his income is low by American standards. This argument is simply ridiculous. That has always seemed obvious to me but it is not apparently obvious to the people who use it.

But I should say the final and much more common reaction when I raise this issue is simply to quickly change the subject. In essence, Musgraves' expression of indignation without telling his readers what he was indignant about is the normal response.

Relative deprivation as an excuse is, of course, even more

⁴ The American commercial sector for things like food, clothing, etc. is much more economical than the Mexican.

remarkable today because what with the wonders of motion pictures and t.v. almost everybody in the world has at least occasional contact with very high living standards. Most non-western people are aware of the fact that most westerners have automobiles although for most of them that is beyond their most extreme dreams of avarice. It seems to me that this argument is simply offered like all of the others as a rationalization for a position which you cannot actually support rationally.

To illustrate the matter from two sources who are less extreme than the average person, Osberg edited a book entitled Economic Inequality and Poverty: International Perspectives.⁵ This book is dominantly concerned not with international inequality but the difference in the degree to which various countries engage in equalization within their country. Most of the articles say nothing whatsoever about the fact that inequality is great between countries also although there is one article "Global Economic Inequality and its Trends since 1950"⁶ which is devoted to that subject.⁷ Further, it's briefly mentioned by the editor in his introductory preface. At that point he mentions that international inequality completely dominates internal inequality.

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⁶ By Albert Barry, Francois Bourguignan, and Christian Morrison, pp. 60-91.

⁷, By Albert Barry, Rancois, Bourguignan, and Christian Morrison, pp 60-91.

TABLE 1

Average Per-Capita Income and Distribution of Income, Selected Major Countries

Country	Per-capita income in 1985 (U.S. \$)	Gini coefficient	Share of income accruing to					
			Lowest 20%	Second 20%	Third 20%	Fourth 20%	Highest 20%	Highest 10%
Ethiopia	110							
Bangladesh	150	0.324	6.6	10.7	15.3	22.1	45.3	29.5
Zaire	170							
Burma	190							
India	270	0.402	7.0	9.2	13.9	20.5	49.4	33.6
Kenya	290							
Tanzania	290							
China	310							
Pakistan	380							
Indonesia	530	0.424	6.6	7.8	12.6	23.6	49.4	34.0
Philippines	580	0.445	5.2	0.9	13.2	20.2	52.5	37.0
Egypt	610	0.396	5.8	10.7	14.7	20.8	48.0	33.2
Ivory Coast	660	0.567	2.4	6.2	10.9	19.1	61.4	43.7
Nigeria	600							
Thailand	600	0.444	5.6	9.6	13.9	21.1	49.8	34.1
Peru	1,010	0.575	1.9	5.1	11.0	21.0	61.0	42.9
Turkey	1,050	0.495	3.5	8.0	12.5	19.5	56.5	40.7
Colombia	1,220							
Brazil	1,640	0.599	2.0	5.0	9.4	17.0	66.6	50.6
Hungary	1,950	0.280	6.9	13.6	19.2	24.5	35.8	20.5
Malaysia	2,000	0.495	3.5	7.7	12.4	20.3	56.1	39.8
Yugoslavia	2,070	0.311	6.6	12.1	16.7	23.9	38.7	22.9
Mexico	2,090	0.515	2.9	7.0	12.0	20.4	57.7	40.6
Argentina	2,130	0.434	4.4	9.7	14.1	21.5	50.3	35.2
Korea, Republic of	2,150	0.371	5.7	11.2	15.4	22.4	45.3	27.5
Venezuela	3,080	0.487	3.0	7.3	12.9	22.8	51.0	35.7
Spain	4,290	0.313	6.9	12.5	17.3	23.2	40.0	24.5
Italy	6,520	0.359	6.2	11.3	15.9	22.7	43.9	20.1
United Kingdom	6,460	0.322	7.0	11.5	17.0	24.8	39.7	23.4
France	9,540	0.353	5.5	11.5	17.1	23.7	42.2	26.4
Australia	10,630	0.397	5.4	10.0	15.0	22.5	47.1	30.5
Germany								
Federal Republic	10,940	0.304	7.9	12.5	17.0	23.1	39.5	24.0
Japan	11,300	0.277	8.7	13.2	17.5	23.1	37.5	22.4
Sweden	11,890	0.320	7.4	13.1	16.8	21.0	41.7	28.1
Canada	13,660	0.337	5.3	11.8	18.0	24.9	40.0	23.8
Norway	14,370	0.312	6.0	12.9	18.3	24.6	38.2	22.8
United States	16,690	0.336	5.3	11.9	17.9	25.0	39.9	23.3

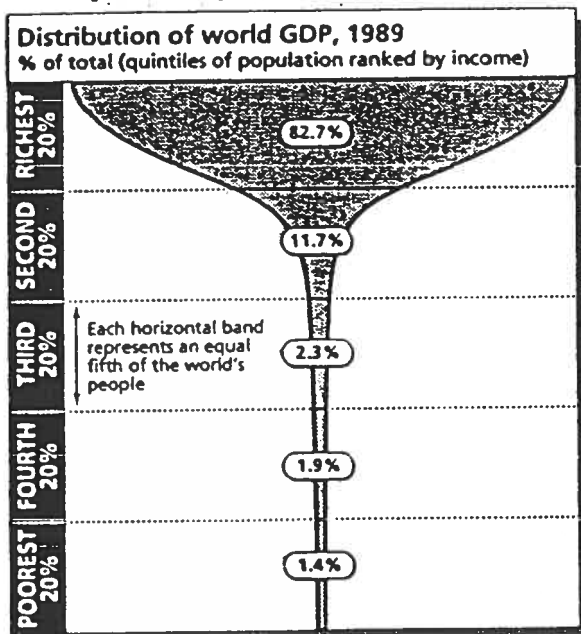
Source: World Bank (1987) pp. 202-4, pp. 252-53. The Gini coefficients have been calculated from the income shares shown in the table and, given the small numbers of income categories used, understate the true Ginis by a percentage point or so. Note: Figures refer to households, and generally to the most recent year in which such data were available, usually sometime during 1975-85

In Table I reproduced from the one article dealing with international inequality,⁸ an article which is devoted to international comparisons, you will note that the bulk of the table does not show you that some countries are better off than others.

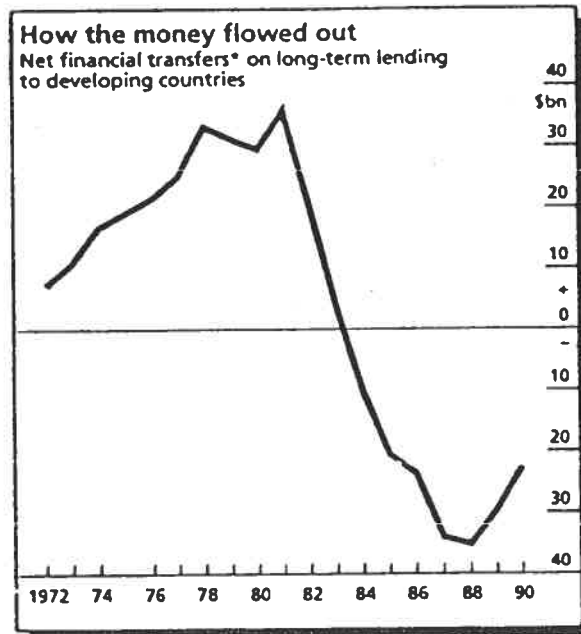
⁸, p. 62.

If the column on the left was omitted, and it is omitted in all of the other equivalent tables by other people in this book, you would get the impression that the poor in India are better off than the poor in the United States. The international inequalities are those shown in the left column and not in the rest of the table and they certainly dominate the others. Indeed, elsewhere in the article they point out that the international Gini coefficient is .69 which is extraordinarily high. Note once again that this is the only place in the book devoted to internationally compared income inequality in which international income inequality is dealt with.

The poverty trap



Source: UNDP



* Includes interest payments

Another example is shown by the accompanying figure which is drawn from The Economist.⁹ The article is "Why The Poor Don't Catch Up" and it is clear that money is extremely unequally

⁹ The Economist, April 25, 1992, p. 48.

distributed internationally. Indeed, it is the point of this particular article although in more normal articles The Economist doesn't mention it. However, The Economist does not argue that there should be transfers of income to the poor in any significant degree although domestically that's exactly what they want in dealing with poor westerners whose income is, let us say, in the bottom 20% of national average and therefore probably in the top 20% of the world distribution. Indeed, their principal argument is simply that trade barriers be reduced so that these poor people are permitted to work hard and raise their income. A suggestion like that offered by some domestic professor in England would no doubt either be totally ignored by the Economist or denounced as vicious.

It is obviously possible to say that all human beings are human and that too much difference in income is undesirable. There is now a bill before Congress which provides a special tax on corporations which pay their chief executives more than 25 times as much as they pay their lowest paid worker. Note that this is their lowest paid worker and not one who is really poor. The lowest paid worker at General Electric is probably in the top 1% of the world incomes.

It's notable that I got this information from an essay in the "analytical economist" page of the Scientific American, April 1992, p. 147, which purports to be a scientifically exact economic analysis. Readers of that journal mainly have incomes much larger than those of the lowest paid worker in their institutions. They would be much more than 100 times as great as that of the lowest

paid worker anywhere. The article did not suggest that they should be "equalized."

So far as I know there is no generally valid argument for equalizing incomes within a nation that does not apply to equalizing incomes across national borders, but one never finds anyone agreeing to do that. At the end of World War II, England gave up her control over India. There was an alternative which was never even discussed at the time, which was simply to integrate India into England and let India elect MP's to sit in Westminster.

Granted the difference in population, of course, that would have meant that they would have controlled the English government and they surely would have made large income transfers from England to India. Once again, the subject was never discussed although the democratic socialists who put the bill through would, if they had believed what they said, have been in favor of it.¹⁰ This was in general true of the decolonialization at the end of the war.

I sometimes find students or fellow faculty members who argue that we should convert the UN into a world government. I normally respond by pointing out that if we did it would certainly decide to engage in world wide equalization with very high income taxes on Americans who are so much above the world average. It's always a new thought to them and the fact that they sputter and make odd answers to it is not particularly surprising. One of the answers, of course, is that since we have the veto power we could prevent

¹⁰ One of the MPs was actually an Indian who lived in London.

it, but that is also a statement that it would not be a world government.

It's notable however that the people who I say this to do not go home, think the matter over, and then come back and talk to me on the subject. They drop the whole issue into their memory hole.

If you consider, as you well know I do, that most people are willing to give away about 5% of their income to help people who are worse off than they are, then all of this is understandable. We talk about a great deal of charitable sacrifices, but actually we are not willing to make major sacrifices. This is true of myself, and I'm not criticizing people here for what they do, but for what they say. I think we should convert what we say into what we in fact are willing to do.

For a more general statement, let us return to the subject of international income equalization. The first thing to be said is that if we do indeed equalize income within the United States and Germany and for that matter, Korea, one of the effects is that our total product will go down. Most economists will agree that there will be such a cut, but it's not obvious how large it will be. It might be quite small.

In any event, if this does occur, by way of foreign trade reduction and a reduction in the number of new ideas, the living standard of everyone else in the world will also go down. Once again, it's not obvious how much. Thus, in order to raise the income of certain Americans whose income is already way above the world average but which falls below our average we lower the income

deal of equality. Only thus can we explain the income transfers from the upper income to the lower income groups within nations that we see. Of course, those other much larger income transfers from poorly organized middle class people to well organized upper class people cannot be justified in this way.

It is clear then that we should either change what we say or change what we do. To repeat what I said earlier, as an economist I tend to think that what we do is a better measure of our actual preferences than what we say; hence, I would suggest we change what we say. But the reader may disagree with me on this. In any event, clarification of terms in the good old Confucian way is called for.