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Book Review - George Irvin, Super rich: the rise of inequality in Britain and the United States

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In a splendid essay in The London Review of Books (11 September, 2008), Ross McKibbon took the hatchet to New Labour. He expressed particular distaste for the ‘democracy of manners’ that has made Britain resemble Australian and American society. This democracy of manners is, of course, all surface egalitarianism concealing profound inequality. He bemoaned ‘the moral exclusion of those who were once considered part of Labour’s constituency – the social underdogs’ (p. 22). The government, in particular, sidelined young working class men, portraying them as outside ‘the sphere of moral worth’. McKibbon acknowledged that Britain ‘is a very much more unequal and less socially mobile society than it was thirty years ago’ (p. 22). This perspective is supported in George Irvin’s rich and detailed comparative study of Britain and the United States.

Irvin charts a dramatic rise in inequality in the USA and Britain as a direct consequence of the implementation of neo-liberal policies. Income inequality in the USA is, perhaps unsurprisingly, the worst in OECD countries, but Britain is not far behind. The rise in inequality is not so much a story of rising absolute poverty but of a slipping middle class and the emergence of the super rich.

Even the distance between the rich and the super rich has expanded dramatically and both have raced away from the middle class. Yes, the middle class is hurting but, as New York Times columnist Bob Herbert argued recently, that does not justify the fact that the poor have been excluded from policy considerations in the current Presidential contest. Only the middle class is being addressed, and it is but a part of the story of the rise in inequality. Nonetheless, it is an increasingly significant part, as Irvin establishes in this book. Upward mobility is stalling, not just in the lower reaches but also in the middle class itself. And a significant percentage of the middle class in America – 57 million, to use Katherine Newman’s estimate – are only just above the poverty threshold.

The boom in the financial sector, now unravelling rapidly, partly explains the ascendency of the super rich. Speculative profits have fed an orgy of wealth making that is disconnected from any sense of social production and civic responsibility. Policies of deregulation and privatisation and ‘free trade’ have reinforced tendencies towards inequality, stripped the union movement of much power and entrenched doctrines of privilege at every level of society. Irvin, like McKibbon, sees the decline of the unions as central to our current woes. That it is now all coming apart has not produced a systematic rethink. Even in Australia, while Kevin Rudd bleats on about ‘extreme capitalism’, his policies in most spheres are infested with neo-liberal rot. Flexible labour markets, the ideology of choice in schooling, the
continued erosion of workers’ rights signal that Australia is very much heading down the road of greater and greater inequality.

Irvin’s book is thus timely and prescient. His analysis is thorough and strongly supported with statistics. His support for a Nordic model welfare state is eminently sensible and his defence of an ideal of equality passionate. The cost of rising inequality is a decline in citizenship and the whittling away of democracy. Irvin argues that the frenzied overconsumption and hyper-speculation is unsustainable, and he has already been proven correct. The crisis of capitalism that nurtured the Reagan and Thatcher revolutions has now become much more acute. So much for neo-liberal solutions. As Irvin puts it: ‘Neither Britain nor America can continue to distribute so large a share of the pie to the rich at the expense of the majority, just as neither country can continue to sustain its spending by creating ever greater global financial imbalances’ (p. 221). Without a revitalisation of the public sphere, social and economic problems will grow exponentially. And yet, the prospects for real substantial change are bleak. Irvin’s voice of urgency is needed. His plea for a turn towards a more egalitarian society is eloquent, but the type of thinking that produced the current crisis is still hegemonic and seems almost immune to sustained criticism. Neo-liberalism continues to bask in the glory of a promise that was only ever illusory in the long term. The trouble is that illusions and delusions in government policy making are hard to shatter.

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