

Yanis Varoufakis writes: The 'haves' of the world are always convinced that they deserve their wealth. That their gargantuan income reflects their ingenuity, 'human capital', the risks they (or their parents) took, their work ethic, their acumen, their application, their good luck even. The economists (especially members of the so-called Chicago School. e.g. Gary Becker) aid and abet the self-serving beliefs of the powerful by arguing that arbitrary discrimination in the distribution of wealth and social roles cannot survive for long the pressures of competition (i.e. that, sooner or later, people will be rewarded in proportion to their contribution to society). Most of the rest of us suspect that this is plainly false. That the distribution of power and wealth can be, and usually is, highly arbitrary and independent of 'marginal productivity', 'risk taking' or, indeed, any personal characteristic of those who rise to the top. In this post I present a body of experimental work that argues the latter point: Arbitrary distributions of roles and wealth are not only sustainable in competitive environments but, indeed, they are unavoidable until and unless there are political interventions to keep them in check.

The laboratory experiment central to this post took place some time ago and involved 640 volunteers. It revealed that rigid hierarchies might emerge *even among people who are, to all intents and purposes, identical*. Of course, discrimination cannot emerge unless there is at least *some* distinguishing feature (e.g. some are 'left-hookers' or have green eyes, some are men while others are women). So, to test the hypothesis that systematic discrimination *can* emerge when subjects seem identical to each other, the experimental design made it impossible for one participant to discern anything other than a *wholly arbitrary* feature of the 'other'; a feature that is commonly known to be uncorrelated to the character, application, intelligence, motivation or ability of the person involved. What feature? We simply assigned, at random, the colour Blue to half our subjects and the colour Red to the other half. Could such an arbitrary colour assignment seed

stable conventions that discriminated terribly between the Reds and the Blues; i.e. people that were, otherwise, indistinguishable (and who knew that the colour assignments were random and, therefore, meaningless)? The answer is, contrary to anything economic theory can explain, a resounding 'yes'. (Click [here](#) for the academic paper, published in *The Economic Journal*, reporting on this experiment and [here](#) for a longer chapter on the same topic, published recently in [this](#)book.)

What does this all mean? What lesson can we learn, from these laboratory experiments, about our societies? Are there insights here that can be of help to political activists and civil rights organisations struggling against systematic discrimination? Below, I (YV) offer a brief summary of the empirical findings and answer questions posed by Nick Hadjigeorge (NH) concerning the political significance of these issues for civil rights activists.

### **INSIGHTS FROM THE LAB – in six points**

1. Experimental evidence shows that large-scale arbitrary discrimination can be sustainable on the basis of some distinguishing feature that everyone knows is independent of personal character, skill, aggression, IQ, temperament etc. If we can reproduce rigid patterns of discrimination within an hour, in a laboratory, then feminists, anti-racists and critics of the vast inequalities between social classes have powerful evidence that it is perfectly possible for societies to distribute the good social roles (and the wealth emanating from these) independently of the personal virtues powerful white men invoke to justify their riches and power.
2. Given their evolutionary stability, the patterns of discrimination become institutionalized in human societies because people begin to believe that they deserve what they are getting or not getting (as part of the distribution that results from the evolved discriminatory conventions). The

- ideology of entitlements, in others words, follows on the coattails of arbitrary distributions of social roles and income.
3. Members of advantaged and disadvantaged groups behave differently based on this dynamic, expect the 'other' group to behave differently and, importantly, allow their 'expectations' to become more than predictions: to become ethical expectations (e.g. the advantaged tend to believe that it is *right* that they should be getting more than the disadvantaged and vice versa).
  4. Advantaged people engage more in hostile behaviour toward one another, and they feel entitled to their winnings.
  5. Disadvantaged members learned to expect less and to develop a greater capacity to act collectively and cooperatively against the logic of free-riding. As a result, even though this is not necessarily what motivates them, they manage to recoup some of the losses from being disadvantaged (in their dealings with the advantaged group) by managing to cooperate with one another.
  6. The explanation of how real power evolves, and what makes it sustainable, is to be found in the mind, and the beliefs, of the majority of the disadvantaged who succumb to the ideological belief that they are entitled to less than the advantaged.

**NH:** Your analysis began with empirical observations of discrimination amongst populations of birds, before you proceeded to human behaviour in the laboratory. Do you have more to say about the institutionalization process that we observe in human societies?

**YV:** Humans have a capacity that animals lack: the capacity to rationalise ex post and to develop moral (or normative) beliefs. Whereas in bird populations discrimination is based just on a Darwinian replicator mechanism (which ensures that conflict is minimized through the division of birds between those which are programmed to act as hawks and to those that behave dovishly),

human societies are at least one order of magnitude more complex. As in the 'Animal republic' so too in human societies the socio-economic games we play (also known as... patriarchal, racially-charged capitalism) are quite primitive and conflictual, giving rise to social divisions between advantaged and disadvantaged groups. The difference is that humans question the conventions around them. They need reasons for accepting them. So, they devise them surreptitiously, covertly, subconsciously. They convert the observation "this is what I am getting" to the belief "this is what I am entitled to". When predictive beliefs acquire a veneer of ethicality, they become solidified and the social order is stabilised. But, at the same time, an opposite force is at work; a subversive one that is akin to mutations in biology. These mutations are acts of rebellion (e.g. a Spartacus or a Malcolm X) that destabilize the social order and the dominant ideology. It is through this tussle between the adaptive, conservative, replicator dynamic and the subversive rebelliousness of political mutations that human history evolves. The institutions of slavery, patriarchy, racism, capitalism etc. all came about in this manner. And were all subverted in that manner too.