CHAPTER 1

Why Inequality?

As we write, Americans are engaged in a great debate about the inequalities that increasingly divide us. For over twenty years, the economic gaps have widened. As the American Catholic Bishops stated in late 1995, "the U.S. economy sometimes seems to be leading to three nations living side by side, one growing more prosperous and powerful, one squeezed by stagnant incomes and rising economic pressures and one left behind in increasing poverty, dependency and hopelessness."[1] Being prosperous may mean owning a vacation home, purchasing private security services, and having whatever medical care one wants; being squeezed may mean having one modest but heavily mortgaged house, depending on 911 when danger lurks, and delaying medical care because of the expense of copayments; and being left behind may mean barely scraping together each month's rent, relying on oneself for physical safety, and awaiting emergency aid at an overcrowded public clinic. Most Americans in the middle know how fragile their position is. One missed mortgage payment or one chronic injury might be enough to push them into the class that has been left behind.

Few deny that inequality has widened.[2] The debate is over whether anything can be done about it, over whether anything should be done about it. Some voices call for an activist government to sustain the middle class and uplift the poor. Other voices, the ones that hold sway as we write, argue that government ought to do less, not more. They argue for balanced budgets, lower taxes, fewer domestic programs, minimal welfare, and less regulation. These moves, they contend, would energize the economy and in that way help the middle class. They would also help the poor, economically and otherwise. Speaker of the House Newt Gingrich in 1995 said of people on welfare: "The government took away something more important than . . . money. They took away their initiative, . . . their freedom, . . . their morality, their drive, their pride. I want to help them get that back."[3] As to the increasing inequality of our time, some advocates of circumscribed government say it cannot be changed, because inequality is natural; some some say it ought not be changed, because inequality drives our economy. At a deeper level, then, the debate is about how to understand inequality—what explains its origin, what explains its growth. That is where we shall engage the debate.

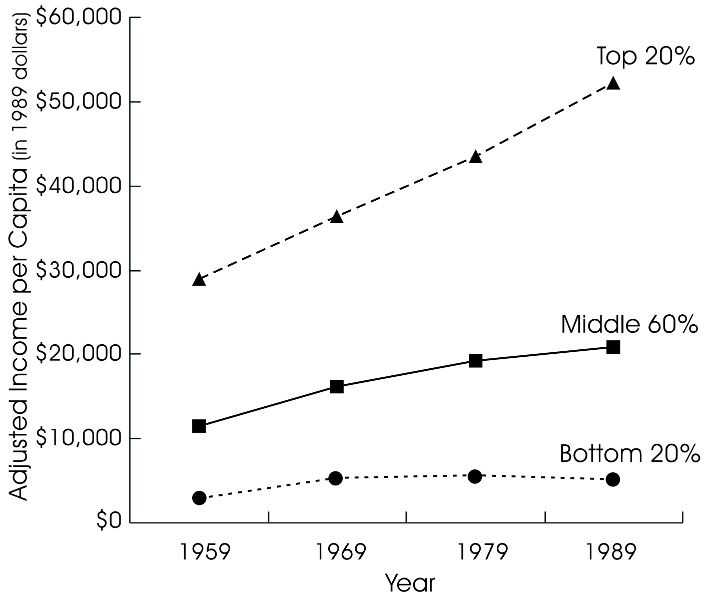
The arguments over policy emerged from almost a quarter century of economic turmoil and disappointment. Middle-class Americans saw the era of seemingly ever-expanding affluence for themselves and ever-expanding opportunities for their children come to an abrupt end in 1973. The cars inching forward in the gasoline lines of the mid-1970s foreshadowed the next twenty years of middle-class experience. Wages stagnated, prices rose, husbands worked longer hours, and even wives who preferred to stay at home felt pressed to find jobs. The horizons for their children seemed to shrink as the opportunities for upward economic mobility contracted.[4] What was going on? What could be done about it?

In the early 1980s, one explanation dominated public discussion and public policy: The cause of the middle-class crisis was government, and its solution was less government. Regulations, taxes, programs for the poor, preferences for minorities, spending on schools—indeed, the very size of government—had wrecked the economy by wasting money and stunting intitative, by rewarding the sluggards and penalizing the talented. The answer was to get government "off the backs" of those who generate economic growth. "Unleash the market" and the result would be a "rising tide that will lift all boats, yachts and rowboats alike."

This explanation for the economic doldrums won enough public support to be enacted. Less regulation, less domestic spending, and more tax cuts for the wealthy followed. By the 1990s, however, the crisis of the middle class had not eased; it had just become more complicated. Figure 1.1 shows the trends in family incomes, adjusted for changes in prices, from 1959 to 1989 (the trends continued into the 1990s). The richest families had soared to new heights of income, the poorest families had sunk after 1970, and the middle-income families had gained slightly. But this slight gain was bitterly misleading. The middle class managed to sustain modest income growth, only by mothers taking jobs and fathers working longer hours. Also, the slight gain could not make up for growing economic insecurity and parents' anxiety that key elements of the "American Dream"—college education, a stable job, and an affordable home—were slipping beyond the grasp of their children. And so the phrase "the disappearing middle class" began to be heard.

Another puzzle now called for explanation: The 1980s had been a boom decade; overall wealth had grown. But average Americans were working harder to stay even. Why had the gaps between the rich and the middle and between the middle and the poor widened? How do we understand such inequality?

Between 1959 and 1969, income per person grew for all households. Since 1970, income per person has continued to grow rapidly for the richest households, grown at a declining rate among middle–income households, and fallen slightly among poor households. The result is significantly more inequality.



1.1. Changes in Household Incomes, 1959–1989, by Income Class (*Note*: Household incomes are adjusted by dividing income per family member by the square root of the household size. *Source*: Karoly and Burtless, "Demographic Change, Rising Earnings Inequality," table 2)

An answer emerged in the public debate, forwarded for the most part by the same voices that had offered the earlier explanation: Inequality is a "natural," almost inevitable, result of an unfettered market. It is the necessary by-product of unleashing talent. The skilled soar and the unskilled sink. Eventually, however, all will gain from the greater efficiency of the free market. The reason such wider benefits have yet to be delivered is that the market has not been freed up enough; we need still less government and then the wealth will flow to middle- and lower-income Americans. Sharp inequality among the classes, these voices suggested, is the necessary trade-off for economic growth.

The strongest recent statement that inequality is the natural result of a free market came in *The Bell Curve: Intelligence and Class Structure in American Life*, published in 1994. Richard Herrnstein and Charles Murray argued that intelligence largely determined how well people did in life. The rich were rich mostly because they were smart, the poor were poor mostly because they were dumb, and middle Americans were middling mostly because they were of middling intelligence. This had long been so but was becoming even more so as new and inescapable economic forces such as global trade and technological development made intelligence more important than ever before. In a more open economy, people rose or sank to the levels largely fixed by their intelligence. Moreover, because intelligence is essentially innate, this expanding inequality cannot be stopped. It might be slowed by government meddling, but only by also doing injustice to the talented and damaging the national economy. Inequality is in these ways "natural," inevitable, and probably desirable.

The Bell Curve also provided an explanation for another troubling aspect of inequality in America—its strong connection to race and ethnicity. Black families, for example, are half as likely to be wealthy and twice as likely to be poor as white families. The questions of how to understand racial disparities and what to do about them have anguished the nation for decades. Now, there was a new answer (actually, a very old answer renewed): Blacks—and Latinos, too—were by nature not as intelligent as whites; that is why they did less well economically, and that is why little can or should be done about racial inequality.

Yet decades of social science research, and further research we will present here, dispute the claim that inequality is natural and increasing inequality is fated. Individual intelligence does not satisfactorily explain who ends up in which class; nor does it explain why people in different classes have such disparate standards of living. Instead, what better explains inequality is this: First, individuals' social milieux—family, neighborhood, school, community—provide or withhold the means for attaining higher class positions in American society, in part by providing people with marketable skills. Much of what those milieux have to offer is, in turn, shaped by social policy. For example, the quality of health care that families provide and the quality of education that schools impart are strongly affected by government action. Second, social policy significantly influences the rewards individuals receive for having attained their positions in society. Circumstances—such as how much money professional or manual workers earn, how much tax they pay, whether their child care or housing is subsidized—determine professionals' versus manual workers' standards of living. In turn, these circumstances are completely or partly determined by government. We do *not* have to suffer such inequalities to sustain or expand our national standard of living.[5] Thus, inequality is not the natural and inevitable consequence of intelligence operating in a free market; in substantial measure it is and will always be the socially constructed and changeable consequence of Americans' political choices.

Our contribution to the debate over growing inequality is to clarify how and why inequality arises and persists. We initiate our argument by first challenging the explanation in *The Bell Curve*, the idea that inequality is natural and fated. Then, we go on to show how social environment and conscious policy mold inequality in America.

If the growing inequality in America is not the inevitable result of free markets operating on natural intelligence, but the aftermath of circumstances that can be altered, then different policy implications follow from those outlined in *The Bell Curve*. We do not have to fatalistically let inequalities mount; we do not have to accept them as the Faustian trade for growth; and we do not have to accept heartlessness as the companion of social analysis. Instead, we can anticipate greater equality of opportunity and equality of outcome and also greater economic growth.

Explaining Inequality

Why do some Americans have a lot more than others? Perhaps, inequality follows inevitably from human nature. Some people are born with more talent than others; the first succeed while the others fail in life's competition. Many people accept this explanation, but it will not suffice. Inequality is not fated by nature, nor even by the "invisible hand" of the market; it is a social construction, a result of our historical acts. *Americans have created the extent and type of inequality we have, and Americans maintain it.*

To answer the question of what explains inequality in America, we must divide it two. First, who gets ahead and who falls behind in the competition for success? Second, what determines how much people get for being ahead or behind? To see more clearly that the two questions are different, think of a ladder that represents the ranking of affluence in a society. Question one asks why this person rather than that person ended up on a higher or lower rung. Question two asks why some societies have tall and narrowing ladders—ladders that have huge distances between top and bottom rungs and that taper off at the top so that there is room for only a few people—while other societies have short and broad ladders—ladders with little distance between top and bottom and with lots of room for many people all the way to the top.

(Another metaphor is the footrace: One question is who wins and who loses; another question is what are the rules and rewards of the race. Some races are winner-take-all; some award prizes to only the first few finishers; others award prizes to many finishers, even to all participants. To understand the race, we need to understand the rules and rewards.)

The answer to the question of who ends up where is that people's social environments largely influence what rung of the ladder they end up on.[6] The advantages and disadvantages that people inherit from their parents, the resources that their friends can share with them, the quantity and quality of their schooling, and even the historical era into which they are born boost some up and hold others down. The children of professors, our own children, have substantial head starts over children of, say, factory workers. Young men who graduated from high school in the booming 1950s had greater opportunities than the ones who graduated during the Depression. Context matters tremendously.

The answer to the question of why societies vary in their structure of rewards is more political. In significant measure, societies choose the height and breadth of their "ladders." By loosening markets or regulating them, by providing services to all citizens or rationing them according to income, by subsidizing some groups more than others, societies, through their politics, build their ladders. To be sure, historical and external constraints deny full freedom of action, but a substantial freedom of action remains (see, especially, chapters 5 and 6). In a democracy, this means that the inequality Americans have is, in significant measure, the historical result of policy choices Americans—or, at least, Americans' representatives—have made. In the United States, the result is a society that is distinctively *un*equal. Our ladder is, by the standards of affluent democracies and even by the standards of recent American history, unusually extended and narrow—and becoming more so.

To see how policies shape the structure of rewards (i.e., the equality of outcomes), consider these examples: Laws provide the ground rules for the marketplace—rules covering incorporation, patents, wages, working conditions, unionization, security transactions, taxes, and so on. Some laws widen differences in income and earnings among people in the market; others narrow differences. Also, many government programs affect inequality more directly through, for example, tax deductions, food stamps, social security, Medicare, and corporate subsidies. Later in this book, we will look closely at the various initiatives Americans have taken, or chosen not to take, that shape inequality.

To see how policies also affect which particular individuals get to the top and which fall to the bottom of our ladder (i.e., the equality of opportunity), consider these examples: The amount of schooling young Americans receive heavily determines the jobs they get and the income they make. In turn, educational policies—what sorts of schools are provided, the way school resources are distributed (usually according to the community in which children live), teaching methods such as tracking, and so on—strongly affect how much schooling children receive. Similarly, local employment opportunities constrain how well people can do economically. Whether and where governments promote jobs or fail to do so will, in turn, influence who is poised for well-paid employment and who is not.

Claiming that intentional policies have significantly constructed the inequalities we have and that other policies could change those inequalities may seem a novel idea in the current ideological climate. So many voices tell us that inequality is the result of individuals' "natural" talents in a "natural" market. Nature defeats any sentimental efforts by society to reduce inequality, they say; such efforts should therefore be dropped as futile and wasteful. Appeals to nature are common and comforting. As Kenneth Bock wrote in his study of social philosophy, "We have been quick to seek explanations of our problems and failures in what we *are* instead of what we *do*. We seem wedded to the belief that our situation is a consequence of our nature rather than of our historical acts."[7] In this case, appeals to nature are shortsighted.

Arguments from nature are useless for answering the question of rewards because that question concerns differences in equality *among societies*. Theories of natural inequality cannot tell us why countries with such similar genetic stocks (and economic markets) as the United States, Canada, England, and Sweden can vary so much in the degree of economic inequality their citizens experience. The answer lies in deliberate policies.

Appeals to nature also cannot satisfactorily answer even the first question: Why do some *individuals* get ahead and some fall behind? Certainly, genetic endowment helps. Being tall, slender, good-looking, healthy, male, and white helps in the race for success, and these traits are totally or partly determined genetically. But these traits matter to the degree that society makes them matter—determining how much, for example, good looks or white skin are rewarded. More important yet than these traits are the social milieux in which people grow up and live.

Realizing that intentional policies account for much of our expanding inequality is not only more accurate than theories of natural inequality; it is also more optimistic. We are today more unequal than we have been in seventy years. We are more unequal than any other affluent Western nation. Intentional policies could change those conditions, could reduce and reverse our rush to a polarized society, could bring us closer to the average inequality in the West, could expand both equality of opportunity and equality of result.

Still, the "natural inequality" viewpoint is a popular one. Unequal outcomes, the best-selling *Bell Curve* argues, are the returns from a fair process that sorts people out according to how intelligent they are. But *The Bell Curve*'s explanation of inequality is inadequate. The authors err in assuming that human talents can be reduced to a single, fixed, and essentially innate skill they label intelligence. They err in asserting that this trait largely determines how people end up in life. And they err in imagining that individual competition explains the structure of inequality in society. In this book, we use *The Bell Curve* as a starting point for really understanding inequality in America. By exploring that book's argument and its evidence, we can see what is wrong with the viewpoint that inequality is fated by nature and see instead how social milieux and social policy create inequality.

Generations of social scientists have studied inequality. Hundreds of books and articles have appeared in the last decade alone examining the many factors that affect who gets ahead and who falls behind in our society, including among those factors intelligence. We will draw on this treasury of research. We will also show, using the very same survey used in *The Bell Curve*, that social environment is more important in helping determine which American becomes poor than is "native intelligence" most generously estimated. Then, we will turn to the more profound question, the second question, of why the United States has the system of inequality it does. We will show that although some inequality results from market forces, much of it—and even many aspects of market inequality itself—results from purposeful, and alterable, policy.

THE BELL CURVE CONTROVERSY

In late 1994 a publishing sensation burst upon America. The covers of newsmagazines heralded a new study—perhaps the definitive study, the articles inside suggested—of the differences in intelligence between blacks and whites in America. *The New Republic* blared "Race & IQ" in enormous letters—and sold out all rack copies in Harvard Square. *Newsweek*'s cover featured facial profiles of a black man and a white man standing back-to-back with the superimposed words "IQ. Is It Destiny? A Hard Look at a Controversial New Book on Race, Class & Success."

Those who went beyond the front covers read of a book claiming that blacks are not as smart as whites, most likely because the two groups' genes differ. More broadly, they read that intelligence is a gift distributed by nature unequally at conception and that this distribution explains the inequalities among Americans. The political implications were clear: If inequality is natural, then governmental intervention to moderate it is at best wrongheaded and at worst destructive.

The book was attacked even as it was publicized. Both *The New Republic* and *Newsweek* bracketed their reports with critical sidebars, over a dozen in the first case; the *New York Times Magazine* published a cover-story profile of one of the authors implying that he is a boor; an interviewer for National Public Radio delivered almost every question to that author with a clear note of skepticism; the *New York Times* published at least two editorials against the book; and so on. And yet the book withstood the attacks and sold hundreds of thousands of hardcover copies (perhaps a sales record for a book with dozens of pages of statistical tables).

The Bell Curve, by Richard J. Herrnstein (who had long been a psychology professor at Harvard University at his untimely death shortly before the book's publication) and Charles Murray (a Ph.D. in political science, well-known conservative essayist, and resident at conservative think tanks), is more substantial than its media representations suggest. Its substance is due not merely to its mass, about 850 pages cover-to-cover, nor to its imposing array of graphs, tables, footnotes, and references. At its base is a philosophy ages old: *Human misery is natural and beyond human redemption; inequality is fated; and people deserve, by virtue of their native talents, the positions they have in society*. From that ideological base, Herrnstein and Murray build a case that critics cannot simply dismiss out of hand.

Herrnstein and Murray argue—relying on their own analysis of a large national survey, supplemented by an array of citations—that individuals' intelligence largely decides their life outcomes. Intelligence is distributed unequally among people, in a distribution shaped like a "bell curve" with a few people at the lower end, a few people at the upper end, and most people clumped in the middle. A person's position in that distribution heavily influences his or her position in the other distributions of life—the distributions of jobs, income, marriage, criminality, and the like.

The centerpiece of Herrnstein and Murray's evidence is the National

Longitudinal Study of Youth (NLSY), a massive survey of over ten thousand young Americans involving repeated interviews over more than a decade. The NLSY administered the Armed Forces Qualifying Test (AFQT) to its subjects in 1980. Herrnstein and Murray show that NLSY subjects who scored high on that test, which the authors treat as an "IQ" test, were usually doing well ten years later, and those who had low scores ended up poorly. This is proof, they argue, that intelligence largely determines life outcomes. Herrnstein and Murray also contend that intelligence is essentially fixed, unchangeable in any significant fashion. People's fates are therefore also unchangeable. And so must be social inequality itself. Efforts to alter this naturally unequal order waste money and undermine its efficiency and justice. (Appendix 1 summarizes *The Bell Curve* in detail for those who have not read it.)

The Bell Curve is an inadequate explanation of where individual Americans end up in the system of inequality. Its answer to the question of why some people end up higher than others on the ladder of success vastly overestimates the relative importance of aptitude tests and underestimates the importance of the social environment. Despite Herrnstein and Murray's self-congratulations that, in examining intelligence, they have dared to go where no social scientist has gone before, scholars long ago established that scores on IQ and IQ-like tests were only of modest importance compared with social context in explaining individual attainment. We reinforce and expand that familiar conclusion by redoing Herrnstein and Murray's analysis of the NLSY survey. We show that they made major errors that exaggerated the role of the AFQT relative to social factors. For example, the AFQT is largely a measure of *instruction*, not native intelligence. (The *Newsweek* cover could just as well read "Grades. Are They Destiny?") Moreover, a correct analysis of the NLSY survey reveals that the AFQT score is only one factor among several that predict how well people do; of these factors, the social ones are more important than the test score.

More fundamentally, *The Bell Curve* also provides an inadequate understanding of systems of inequality. Its implied answer to the question of why the American ladder is so tall and narrow is that natural talent prevails in a natural market. This interpretation is wrong, in part because it is historically naive. For example, during most of this century Americans became substantially more equal economically, but since 1973 they have become substantially less equal. Understanding such fluctuations in inequality requires a broader historical and international perspective than *The Bell Curve* provides. We try to provide such a broader perspective.

Why do we pay so much attention to *The Bell Curve*? Some colleagues told us that *The Bell Curve* is so patently wrongheaded that it would be quickly dismissed; that genetic explanations of inequality are old news, having gained notoriety and disrepute thirty years ago, seventy years ago, and earlier; that we would only further publicize *The Bell Curve*; and so forth. But we felt that *The Bell Curve* is not easily ignored. It will not go away. Its ideas and data, at least as transmitted by the media and by politicians, will provide a touchstone in policy debates for many years. Our Berkeley colleague Troy Duster notes that within weeks of *The Bell Curve*'s publication, Charles Murray had been invited to address the newly elected Republicans in the House of Representatives and that an article in *The Chronicle of Philanthropy* had speculated that charity for "people of lesser ability" might be a waste.[8] Shortly afterward, the president of Rutgers University faced an uproar when he apparently alluded to *The Bell Curve* in explaining problems of black students.

Also, *The Bell Curve*'s perspective on society, which reduces a complex reality to little more than a footrace among unequally swift individuals, offends us as social scientists. *Social* reality—for example, how societies set up the "race" and how they reward the runners—cannot be understood through such reductionist thinking.

Nor were we satisfied with the critical appraisals that had appeared when we undertook this project in late 1994. Some reviewers, even as they castigated *The Bell Curve*, accepted, or were perhaps intimidated by, its scientific presentation. Some attacked the authors, the authors' funders, or the authors' intellectual friends. Deserved or not, such attacks do not invalidate Herrnstein and Murray's claims. Some commentators seemed to be grasping at straws, picking one or two contrary studies reported in the book without noting that the authors had piled on many others to support their arguments. And some just admonished *The Bell Curve* for its political implications. We believed that the book deserved neither the deference nor the unfair attacks. It could be challenged on scientific grounds. Also, in responding, critics generally accepted Herrnstein and Murray's framing of the question: why some people finish first and others last.[9] We do not.

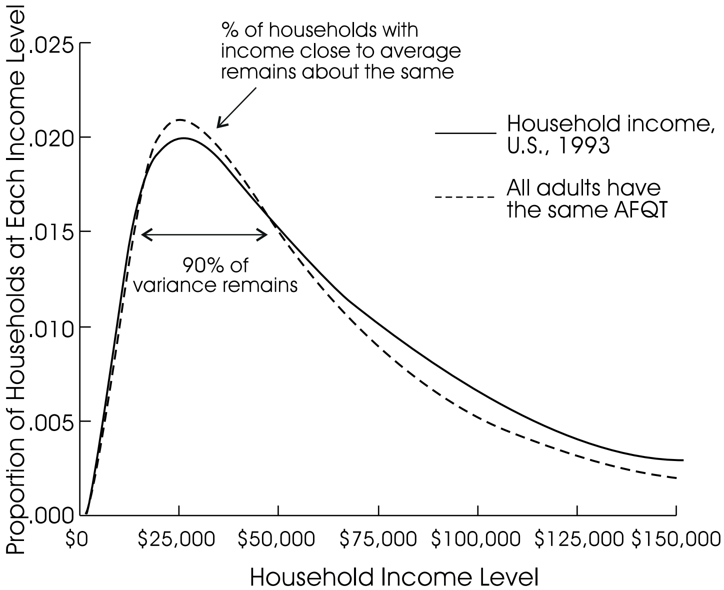
As academics, we have the impulse to contest every claim and statistic in the 850 pages of *The Bell Curve*. There are certainly many errors and contradictions in the details.[10] However, there are more basic issues to address: What is intelligence? What role do individual talent and social environment play in shaping life outcomes? Why is the structure of outcomes set as it is? What difference does policy make? For resolving many of these issues, the particular statistics usually do not matter as much as logic and history. We will show that *The Bell Curve* is wrong statistically, that it is even more profoundly wrong logically and historically, and that its implications are destructive.

One statistic is worth noting right away because it shows that there is less to *The Bell Curve* than some intimidated reviewers have realized: "explained variance." Near the end of their text, Herrnstein and Murray capsulize their argument by asserting that "intelligence has a powerful bearing on how people do in life" (p. 527). However, 410 pages earlier they admit that AFQT scores, their measure of IQ, explain "usually less than ten percent and often less than five percent" of the variance in how people do in life (p. 117). What does "explained variance" mean? It refers to the amount of the variation in some outcome, like income, from zero to 100 percent, that can be explained by a particular cause or set of causes. To state that intelligence explains 10 percent of the variance in, say, people's earnings is to say that intelligence accounts for 10 percent of the differences among people in earnings, leaving 90 percent of the differences among earners unaccounted for. By Herrnstein and Murray's own statistical estimate, only 5 to 10 percent of the differences in life outcomes among respondents—the odds that they became poor, criminal, unwed mothers, and so on—can be accounted for by differences among them in AFQT scores. Put another way, if we could magically give everyone identical IQs, we would still see 90 to 95 percent of the inequality we see today. What that means is shown graphically in figure 1.2.

The figure displays the distribution of household income in the United States in 1993. Across the bottom are the incomes from zero to $150,000. The *Y*-axis represents the proportion of American households. The solid line shows that virtually no households had zero income in 1993; about .02—that is, 2 percent—had incomes of $25,000, about .01 (1 percent) had incomes of $75,000; and so on. The solid line displays the actual distribution or the *shape of inequality* in household income. The dashed line displays what that distribution would have looked like if every adult in the United States had had identical intelligence as measured by the AFQT: hardly changed. Because AFQT score accounts for, at best, only 10 percent of the variation in earnings, it leaves 90 percent of the variation unaccounted for.[11] In sum, intelligence, at least as measured by the AFQT, is of such minor importance that American income inequality would hardly change even if everyone had the same AFQT score. (In a response to similar criticisms, Murray backed away from explained variance as a criterion for judging the importance of intelligence, but *The Bell Curve* argument depends on that criterion.)[12]

As some economists have noted in reviewing *The Bell Curve*,[13] the issue for policy is neither total explained variance nor even whether it is intelli-

If all adults had the same test scores (but different family origins and environments), inequality of household incomes would decrease by about 10 percent.



1.2. Explained Variance in Household Income Accounted for by Intelligence (*Note*: See text and notes for method of calculation)

gence or the social environment that explains more of the variation in individual outcomes. It is whether a given intervention can make a positive net contribution to outcomes. In asserting that cognitive ability is critical to determining individuals' fortunes but is unchangeable, Herrnstein and Murray argue that no intervention can pay off. We will see, however, that cognitive abilities are malleable (chapters 2 and 7). In asserting that socioeconomic background is of trivial importance in influencing individual outcomes, Herrnstein and Murray are claiming that working on social conditions cannot be effective. We will see, however, that socioeconomic conditions matter a great deal, so that policy there can be effective in increasing opportunity (see chapter 4). More important yet, Herrnstein and Murray do not consider the deeper ways that social policy shapes both individual competition and the structure of inequality (see chapters 5 and 6). There is great leverage for policy there, as well.

The claim that intelligence accounts for individuals' locations on the ladder of inequality is the central argument of *The Bell Curve*. But many discussions in *The Bell Curve* wander from that argument. The major such distraction is the discussion of ethnicity and IQ. It is a distraction because the argument over intelligence and inequality is unchanged whether or not there are inherent racial differences in intelligence. Charles Murray has admitted that, in the end, whether genes or environment explain racial differences in IQ scores "*doesn't much matter*" (italics in original).[14] We agree (although the genes versus environment debate matters a great deal if we want to explain racial differences in life circumstances). Because the media featured te topic of race and IQ so centrally, we must address the issue (see chapter 8). But otherwise we intend to stay on the main line of discussion. Finally, we agree with Herrnstein and Murray on some matters. (Secondhand readers of *The Bell Curve* may be surprised to learn that in some ways Herrnstein and Murray are not always conservative in their policy suggestions.) For example, we agree with them that Americans have since 1970 become increasingly polarized between rich and poor, and we agree with them that a guaranteed annual income ought to be considered as a possible national policy.[15]

We raise several arguments against *The Bell Curve*, any one of which is sufficient to dismiss it. If intelligence is not single, unitary, and fixed; if intelligence can be altered; if test scores mismeasure intelligence; if intelligence is not the major cause of people's fortunes; if markets do not fairly reward intelligence; if patterns of inequality are socially constructed—if any of these arguments holds, *The Bell Curve* case fails.

In the end, we respond in detail to *The Bell Curve* because it affords us an opportunity to explain what *does* account for the inequality we see in America today. That explanation stresses the importance of social environment and of policies that construct the social environment. That understanding, in turn, begins a realistic discussion of how to reduce inequality and its harmful effects.

Overview of the Argument

If one asks why some people get ahead and some people fall behind, answers concerning natural differences in ability are woefully inadequate. We can see that by looking closely at "intelligence." One reason inequality in intelligence is a poor explanation of class inequality is that individuals' abilities are much more complex, variable, and changeable than is suggested by the old-fashioned notions of intelligence upon which *The Bell Curve* rests. Concretely, the basic measure of intelligence that Herrnstein and Murray use, the AFQT, is actually not a test of genetic capacity or of quick-wittedness. It is instead a test of what people have been taught, especially in high school, of how much they recall, and of how much effort they make in the test. Another reason that intelligence is not an adequate explanation of individual success or failure is that, as social scientists have known for decades, intelligence as measured by such tests is only one among many factors that affect individuals' success or failure. In the NLSY, respondents' AFQT scores in 1980 do not explain well how they ended up at the end of the 1980s. We show that, instead, aspects of respondents' social environments explain the outcomes more fully.

If one asks the more basic question of what determines the pattern of inequality, answers concerning individual intelligence are largely irrelevant. Societies and historical epochs vary greatly in the nature and degree of their inequality; they differ much more than any variations in intelligence, or the market, can account for. Some of that variability lies in technological, economic, and cultural changes. But much of it lies in specific policies concerning matters such as schooling, jobs, and taxes.

In the end, we *can* change inequality. We *have* changed inequality. American policies have reduced inequality in many spheres—for example, improving the economic fortunes of the elderly—and have expanded inequality in others—for example, with tax expenditures that advantage many of the already advantaged. And the experience of other nations shows that there is much more that can be done to reduce inequality if we choose to do so.

Policies also affect where individuals end up on the ladder of inequality. Policies help construct social environments. Policies even alter cognitive skills, particularly in the ways we structure schooling. The leverage here lies not with the episodic compensatory programs over which there has been much debate, but with the everyday structure of schools in America.

Finally, what about race? Arguments that African Americans and Latino Americans have done poorly in the United States because they are less intelligent than whites are completely backward. The experiences of low-caste groups around the world show that subordinate ethnic minorities do worse in schools and on school tests than do dominant groups, whatever the genetic differences or similarities between them. Whether it is Eastern European Jews in 1910 New York, the Irish in England, Koreans in Japan, or Afrikaaners in South Africa, being of lower caste or status makes people seem “dumb.” The particular history of blacks and Mexicans in the United States fits the general pattern. *It is not that low intelligence leads to inferior status; it is that inferior status leads to low intelligence test scores*.

The Plan of This Book

Chapter 2 examines how the psychometricians upon whom Herrnstein and Murray draw for their psychology have sought to study “intelligence.” The psychometric concept arises largely from the IQ tests themselves: Intelligence is the statistical core (labeled “*g*”) of those tests. In other words, intelligence is what IQ tests measure. We show how problematic that definition is by showing that the AFQT largely measures how much math and English curricula teenagers have learned and display. But there are other, better ways to think about intelligence. We discuss as an example the “information-processing” perspective, one which is more realistic.

Chapter 3 examines *The Bell Curve*’s specific evidence about intelligence: scores on the AFQT. Scores on school achievement tests are, of course, important in a society that rewards people according to how well they do in school, but they are not what most people would consider as “intelligence” per se. We also explore the ways Herrnstein and Murray “massage” the AFQT data to fit their arguments. They overstate the validity and utility of the AFQT scores. Yet to the degree that such test scores measure how well we educate our children, their ability to predict life outcomes testifies to how critical educational policy is for American inequality.

Chapter 4 addresses the fattest section of *The Bell Curve*, its statistical analyses purporting to show that NLSY respondents’ AFQT scores best predict—and so, presumably, the respondents’ intelligence most determines—what becomes of them. We review critical errors Herrnstein and Murray made in their analysis; we reanalyze the identical data; and we come—as other scholars have, also—to opposite conclusions: Social environment is more, not less, important than test scores in explaining poverty, likelihood of incarceration, and likelihood of having a child out of wedlock. For economic outcomes, gender, a trait Herrnstein and Murray ignored, matters most of all. Other social factors—education and community conditions—are at least as important as test scores. Stepping back from the specific data, we point out that these findings are not news to social scientists. We have long understood that a person’s economic fortunes are hostage to his or her gender, parents’ assets, schooling, marital status, community's economy, stage in the business cycle, and so on; intelligence is just one item on such a list. This chapter settles the issue of why some people get ahead of others in the race for success; the next chapter looks at what the racers win or lose.

Chapter 5 turns attention to *systems* of inequality, showing how greatly they vary across history and among nations. The question of Chapter 5 is not whether individuals are more or less equal, but whether *societies* are. We will see how the degree of inequality fluctuated in American history, particularly how inequalities widened since the 1970s. And we will see how extreme the United States is compared with other advanced industrial nations. The inequality in America today is not "natural" but in great measure the result of policies that tolerate wide inequalities. Ironically, those policies are, despite assertions by interested parties, *not* necessary for economic growth; indeed, inequality may well retard economic growth.

Chapter 6 turns to several explicit national policies that structure inequality in America. Some policies and programs narrow inequality—social security, Medicare, food stamps, etc.—while some widen it—corporate subsidies, the mortgage deduction, laws concerning unionization, and so on. Compared with America's economic competitors, we do relatively little to equalize people's economic fortunes—or even their economic opportunities. This explains our charge that the inequality Americans have is a result of the policies Americans have at least tacitly chosen.

Chapter 7 turns to policies that shape individual abilities, specifically, intelligence. Individuals' cognitive skills—those supposedly fixed talents that determine economic inequality—are indeed changeable. We show, using the examples of the school year, tracking in schools, and the structure of jobs, that learning environments alter how and how well people think. Policies help construct those learning environments. Even the inequality of ability is subject to social shaping.

Chapter 8 turns to race and ethnicity—a topic we believe was a distraction, albeit an incendiary one, in *The Bell Curve*. Why do blacks and Latinos score lower on standardized tests? This turns out to be not a biological question but a social one. Around the world, members of disadvantaged groups usually score lower than members of advantaged groups, whatever their racial identities. In many cases, both the higher- and lower-status groups are of the same race. Also hard to reconcile with the racialist viewpoint is the way ethnic groups seemingly become smarter *after* they have succeeded. For example, in Japan Koreans are "dull," while in the United States Koreans are "bright"; Jews in America were "dull" seventy-five years ago but are among the "cognitive elite" today. We describe three ways that ethnic subordination in a caste or castelike system leads to poor school and test performance: One, subordination means material deprivation for students, which in turn impairs their achievement; two, subordination usually involves group segregation and concentration, which, by multiplying disadvantage and drawing all group members into difficult learning situations, undercuts academic achievement; and three, subordination produces a stigmatized identity of inferiority, which in turn breeds resignation or rebellion, both of which limit academic achievement. The histories of African Americans and Latino Americans, as well as their current conditions, more than suffice to explain why their members tend to score lower than whites on tests and also why they do less well in the race for success. The American case fits the global pattern; it is not genes but caste positions that explain the apparent differences in cognitive performance.

Chapter 9 concludes with a consideration of what the intellectual and the practical implications are of understanding inequality in these historical and sociological ways.

Concluding Comments by Way of Introduction

A comment on the "burden of proof": Many readers, by now accustomed to contradictory studies about how certain foods do or do not cause heart disease or cancer, may feel unable to decide among dueling Ph.D.s' claims about inequality. In this book, we contest many specific issues of evidence in *The Bell Curve*. But more important is how the basic questions are framed and the historical breadth of evidence examined. From such a fundamental perspective, we find that intelligence, broadly understood, does affect Americans' fates but is just one factor among many. It is not the key to American inequality nor to American social problems; indeed, differences among individuals altogether are not the key. The key is how we, together as citizens, choose to structure our society. We do not, of course, have unlimited freedom of action; we are constrained by material circumstances, social traditions, and political institutions. But we have a lot more freedom to act, this will book will show, than admitted by those who counsel acceptance of the growing inequalities in our society. The challenge is to make those choices.

In thinking about those choices, it may help to go back to first principles. This nation draws its moral precepts from its biblical and republican traditions. The Bible repeatedly enjoins us to help the needy; the Declaration of

Independence announces that "all men are created equal and endowed by their creator with certain inalienable rights."[16] Such a nation should presume that its people come equally equipped to fulfill those promises. The burden is on those who would contend otherwise, who would have us sorted out at birth into the worthy and the unworthy. The burden of proof is on those who would contend that some of us are hopeless and fated only for piteous charity. Absent conclusive proof of that claim, Americans should assume an equality of worth and move to expanding every American's horizon.