

This article follows:

“Critical Literature Reviews (2,500-5,000 words): provide a summative answer to a question, issue, or research topic related to human welfare. Authors should include an abstract of 200 words.”

Increasing polarization: enumerating the consequences of increasing inequality

Abstract

“Remember your humanity. Forget the rest”. (Bertrand Russell in Russell-Einstein Manifesto)

In a nutshell, this review is not trying to propagate rocket science or eureka moment that scientifically finds the cure for all the ills of economic inequality like penicillin does for infections. This review is a basic but effective exploration into the true nature of social realities. This review holistically elaborates how economic inequality is leading to increasing polarization in our societies. Two important drivers of increasing inequality are highlighted here as finance and technology and their contributions to higher polarization is detailed. A case study of polarization is followed along with the conclusion.

Overview

It is clear that we are living in times of historical inequality. Oxfam officially shows that the top 1% own more than the remaining 99% of the population.¹

With technology ever increasing in breath and scope, we have truly achieved technological wonders. Why then do we lag behind in social policy front and still adopt the carrot-stick master-lord relation in economics that is so old and clearly dangerous to human civilization? There’s nothing natural in inequality and poverty is socially engineered so why can’t we seem to overcome poverty given that we have made world wonders and breath-taking technology?

As Marx would argue, rising inequality and poverty is a necessary by-product of capitalism. But it is Foucault who shows how it is the by-product. Inequality and poverty can be swiftly eradicated but they exist as a disciplinary mechanism over the population. The idea is that material deprivation dissuades the population from focusing on social policies and more on feeding themselves. Dependence on the bourgeoisie is reinforced through poverty as only bourgeoisie can provide them manual minimum-wage labor to sustain themselves.

Historically, there was a time in early 20th century that rights of labour started being chanted everywhere. There was a genuine possibility for social reform but what happened wrong? Why are we still in capitalism era, rebranded as neo-liberal capitalism ushering us in the post-modern society of today?

The reasons are complex and historical. Marx’s inspiration by Soviet leaders led to communism, which led to different sufferings for the masses and lost its appeal due to its dictatorship tone, more and more regional wars in proxy states during the Cold War, and increasing power and capacity of neo-liberal

¹ BBC News; Jan 2016. Oxfam says wealth of richest 1% equal to other 99%

regimes like the World Bank and the IMF being able to impose liberalist regimes to countries in debt. We still have socialism model in the Scandinavia, where there is both socialism and democracy. But unfortunately they are not that vocal in promoting their system to rest of the world, unlike the aggressive neo-liberal preachers.

Another core reason is culture. Post WWII and onwards, culture it seems has assumed a semi-independent and self-reinforcing position of its own. Marx said that culture reinforces and justifies the dynamics of the economy. That is still correct as culture today still justifies and reinforces the economic lessons but the link between these two has blurred for the common people. Inversion as per Foucault has taken places where good is bad and bad is good. The consumption culture means we are filled with brands, brand awareness and desire to consume as many of them as possible. Baudrillard potently mentions these as bombardments of the simulacra. The simulacra is a higher step than distorting the truth or even inverting it, as whatever simulacra shows, becomes reality in itself without any connection to the actual reality. This powerful and colorful utopia of never-ending luxury and the 'American dream' is most potently highlighted by the media over and over again. John Rawls observed that few people from the working class are shown by the media to become super-rich and famous and this serves as cultural illusion to rest of the people that if they can do it, so can we. This is a cultural illusion because these few rags-to-riches stories are statistically insignificant and they will always be very few, and not for the majority or for everyone.

Atomization of the individual follows as a result of these and many other social changes. Atomization is where individual is stripped off from his/her social context and given a secluded, highly individualized and highly structured-but-meaningless mode of existence. Human geography shows this prominently as we can see malls everywhere, but very little community centers now, nuclear families, increase in divorces and breakups in families, increased learned helplessness, the iron curtain of routines and how structured even our enjoyment is and so on. Fraught by countless double-standards we do not actually have a coherent personality (post-modernism). On the outside we might be wearing suits, but on the inside we might actually be wolves; Sociologists have gone through great pains just to show us how volatile and vulnerable our personalities actually are (leading example Laud Humphreys' Tea Room Trade).

It is worthy to elaborate on the learned helplessness a bit more here. Martin Seligman elaborated this important concept of 'Learned helplessness'. Learned helplessness is when we have bad things being done to us, and we have no control over the situation, that after breaking of our hopes again and again, we finally give up and do nothing about it. Even if our situation improves, or there is an escape from the misery now, we have become so conditioned to helplessness that now we do not even try.

Learned helplessness unfortunately is all around us. Poverty presents ever continuous pangs just to survive, so we lose the hope that we can ever be fulfilled or happy in our lives. Learned helplessness is better explained by the sociological idea of 'hysteresis'. Hysteresis is that one significantly negative event can have a profound and lasting impact on our subsequent actions and thinking. Those who get unemployed might be bitter and distrustful of others even after they get a secure job. A lover might be insecure from his/her current partner not because he/she is not trustworthy but because of the person's

negative past experiences. It is no accident that millennials, the next generation, now distrusts institutions so much.

Jameson provides an effective reply to the post-modernist critique that we do not believe in meta-narratives now in the post-modern society. Jameson says that in post-modernism, we lack the ability to coherently see the bigger macro picture and explain our past, present and future due to these cultural illusions causing ever increasing paradoxes of capitalism (obesity and starvation being pandemic at the same time etc) at the forefront, which causes breakdown of what imperfect rationality we have. I would argue that this marks a transition from 'bounded rationality' to 'bubble rationality', where each is living in his/her own bubble of extreme with little in common with others. Our atomized existence has fragmented our identities and broken them up into more and more pieces. The problem with this high level of fragmentation is that it does not integrate again, it serves to divide us and it prevents us from reaching common grounds among others for class consciousness. Thus, increasing inequality has caused its cultural cousin of increasing polarization as well. It has become hard to negotiate life with others as we have so little in common with others. Everyone seems to be an 'extremist' in his own area of life.

Finance's contribution to polarization

A key concept in sociology of finance is time-space compression. Due to globalization in the post-modern era, we continuously face 'time-space compression' in finance. This refers to increasing capacity of capital to be available and transmitted across geographical barriers within moments and not delayed by time. This has been brought possible by globalization and technological advances. But this bridging of time and space has proceeded in a highly unequal manner. As time-space compression increases the power of global capital centers like Wall Street and city of London, others offering fewer opportunities for profit have continuously found themselves pushed further away in relative economic continuum [97].²

Time space compression along with other social trends towards polarization means that there is not just increasing economic inequality but also social and cultural differentiation and polarization. We are witnessing the development of differential modes of treatment of populations, which aim to maximize the returns on doing what is profitable and to marginalize the unprofitable. Instead of segregating and eliminating undesirable elements from the social body, or reintegrating them more or less forcibly through corrective or therapeutic interventions, the emerging tendency is to assign different social destinies to individuals in line with their varying capacity to live up to the requirements of competitiveness and profitability.

Taken to its extreme, this yields the model of a 'dual' or 'two-speed' society recently proposed by certain French ideologists: the coexistence of hyper-competitive sectors obedient to the harshest requirements of economic rationality (we can see this today in almost every business sector), and marginal activities that provide a refuge (or a dump; social impact bonds; rising charity initiatives all over the world etc) for those unable to take part in the circuits of intensive exchange. In one sense this 'dual' society already

² French and Leyshon, 17th May, 2012: Oxford Handbook of Sociology of Finance, chapter 18: Dead pledges; mortgaging time and space.

exists in the form of unemployment, marginalized youth, the unofficial economy. But until now these processes of disqualification and reclassification have gone on in a blind fashion. They have been uncontrolled effects of the mechanisms of economic competition, underemployment, adaptation or non-adaptation to new jobs, the hemorrhaging of the educational system, etc. The attempts which have been made to reset these processes are more addressed to infrastructures than to people: industrial concentration, new investment sectors, closures of non-competitive concerns, etc. - leaving their personnel to adjust as well they may, which often means not particularly well, to these 'objective' exigencies [99].³

Technology's contribution to polarization

A key area that increases fragmentation is technology and the 'information determinism' it causes. There are huge challenges of living in today's postmodern world. Everyone can do background searches of others and a lot of information about yourself is out in the open. Everything sticks because it is public, but also because of 'information determinism'. This is the machine learning algorithms that for example, once you like some pages, Facebook recommends 'other pages you might like', 'other people you might know' etc. So if my initial tendency is to love Marvel comics, so many other pages and people with similar interest will pop up that later onwards I will potentially become a Marvel fanatic. So my initial tendencies can get significantly magnified due to such algorithms. One who initially hates studying will likely become more averse to studies and one who loves studies will likely love it even more. One who initially disregards social norms can become more anti-social once exposed to such algorithms over a long time and hence the increase in polarization.

The result is cynicism and skepticism in our generation which seems good as it is not good to trust institutions but it has become so pervasive that cynicism has become self-defeating now. We will tend to criticize everything just for the sake of criticizing, our default response to any opinion tends to be 'no', and we ask only bitter or idealistic questions that have no hope of any answers. The problem is that if we do not believe in anything, we consequently believe in nothing. This dangerous nihilism, long foreseen by philosophers like Nietzsche, means we are leaving ourselves open and vulnerable like a tabula rasa, with external fate, situations, circumstances and directions led by the most powerful to dictate our actions and lives. We become hence, more vulnerable to falling into the Lucifer effect. The Lucifer effect' of Philip Zimbardo effectively displays that fundamentally decent and docile humans can be made to commit heinous crimes merely by altering the situation and generating a system (political, ideological, economic, legal etc) that produces such situations on a consistent basis.

On first look, this can look preposterous to us post-modernists. We will never commit such heinous atrocities! We will gloss over the history lessons that most Germans merely complied with the holocaust instead of taking an active part in it and they were common good people just like us. Moreover, It is no longer the case that a particular person is sadistic or psychopath only then he will commit those crimes. Milgram studies (1963) sent shockwaves to the whole world regarding insight into human social psyche. Milgram conducted experiments where volunteers were supposed to give electric shocks to the

³ Francois Ewald. Connecticut Insurance Law Journal. Volume 6:2. Risk In Contemporary Society

learners if they give a wrong answer to the question that they ask. A confederate was standing next to them in laboratory coat and as a symbol of authority as well as coercion. The volunteers were told that they were investigating learning and this experiment will help science uncover better how to improve our learning. The ranges of electrical shocks were from range 15 volts (slight shock) to 375 volts (Danger; severe shock) to maximum limit of 450 volts (XXX Lethal).

The results were shocking; 65% of participants/volunteers continued to the highest level of 450 volts and all of them continued to 300 volts. Milgram carried out 18 variations of the original studies but it still produced similar results. This was also given that the psychiatrists had predicted that only 1% will continue to the maximum limit. This highlights the social nature of evil rather than personal reasons of a particular person being evil. Zimbardo achieved the same insights in his famous Stanford prison experiments. Zimbardo says the same thing as Joker that all it takes is a little step for evil to dominate. 'Mindlessly taking the first step' of harmless nature like 15 volts in Milgram is what removes the moral hesitations inside us and opens us up to greater and greater excesses.

Aside from these measures, there is also 'data derivatives'. Data derivatives are combination of vast data and learning correlations and association rules from it. This leads us not to certainties but to probabilities and yet the practical impact is that we decide our precautions based on result from these data derivatives to sustain in face of ever emerging and increasing risks. Data derivatives drives pre-emption not by predicting the future but by projecting fragments of data onto possible futures, producing a form of encoded intuition. As the associations are ephemeral, time sensitive, only correlated and do not show causation, it practically feels like calculated gambling. This is why it is termed 'derivative' of data as it is clear that data derivative emerges from the practices of speculative business like from the realms of derivatives trading and expands into other realms by proliferation of data science.⁴

This is where data with advanced algorithms like those of machine learning are applied to gain actionable insights even though there are only probabilities and correlations, and no certainties and causation. This is what researchers term 'data derivatives' and this also serves as a surveillance concept that indirectly strengthens the surveillance society where we have the feeling of being under observation all the time and everywhere (Michel Foucault).

Another risk is that quantification and objectification of individual's existence. Key identities, stratifications and differentiations are treated as objective criteria by the powerful professionals and experts whereas they are living realities for the people. As can be seen, the governmentality approach can be seen as very relevant to data scientists and actuarial practices. It is argued that group differences created by historical processes of domination are demoralized by statistical representations (as they are for instance in insurance premium setting) it becomes more difficult for disadvantaged groups to generate political power. This is because sensitive stratifications for instance, genetics, gender, credit profiles and pricing elasticities etc are living realities of the people whereas in classification for actuarial ratemaking, they are stripped off their subjectivities and transformed into an objective formal reality.

⁴ Amoores, L.A. (2011) 'Data derivatives: on the emergence of a security risk calculus for our times.' *Theory, culture society*. 28 (6). pp. 24-43.

The moral charge carried by these forms of differences are eliminated and so actuarial ratemaking and statistical classification “with its de-centered subject, seems to eliminate, in advance, the possibility of identity, of critical self-consciousness and of intersubjectivity (cf. Habermas, 1979). Rather than making people up, actuarial practices unmake them.”

Michael Foucault sheds more light into this issue through his observation of the ‘surveillance society’. We are continuously being monitored; online, smartphones, through surveillance cameras, sensors and so on. This induces the psychological feeling inside our minds that we are being watched and should behave responsibly. In effect, our own mind becomes the police. Hence, there is an immense social pressure to conform to social norms. The surveillance society magnifies the ugly effects of labeling. Labeling is for example, ‘You will always be a thief’, ‘you started stealing when you were a kid’, ‘you will never be good at studies’ and so on. Since now we can know so many things about others online, it has made it easier for people to make such labeling comments. We are all imperfect and do embarrassing things once in a while, but a Youtube video or posting it online by friends etc makes such labels much more a part of our identities. Technology is more and more infused with our everyday life and along with invasions of privacy this gives others more and more chances to say labeling comments.

The first step to creating illusions is to come up with perceived differences between different humans to justify inequality of power. Michel Foucault argues in striking similarity with Lao Tzu that we create differences between us and others which leads to stratification. With specialist technical experts the division between layman and technical experts arose (statistician and bio-political agent Vs the masses etc), with the formation of a saint, the sinner emerged. Nationalist ideologies are bent on ‘WE’ being the superior and ‘others’ being the inferior enemy. That is the problem right here. Differences have to be cherished, not criminalized or be made a basis for discrimination.

Arguably, the strongest basis for discrimination we now face is between the haves and the have-nots. Despite their differences, Sociologists come on very strong here. Baudrillard argues that in post-modernist society, we are subject to relentless ‘simulacra’. Simulacra is simply the bombardment of our senses by images and sounds meant to represent reality. The problem is that they are distorted and not an accurate reflection of reality. The bigger problem is these become reality themselves, the ‘hyperreal’. In a globalized world where we rely relentlessly on media and smart phones, the hidden ideology criminalizing differences is imparted to us without us knowing it most of the time. Nationalist protesters will talk about dying for nation (but never about killing for nation), the one with Ferrari and the one without etc. Clever play on words and imagery changes our very perceptions ranging from advertisements to fear inducing aspects of terrorism.

The illusions operate on a cultural level as well. Karl Marx aptly notes that the ruling ideas of any given society are the ideas of the ruling class. It is information overload, continuous financial crises making us insecure, divide and rule policy, consumerism, sports and anything other than accurate political awareness on inequality that serves as illusions to us and why we do not strive for emancipation

Social Dimensions of Money: A case study

As my home country is Pakistan, I will focus on Pakistan for the case study. On every money note in Pakistan is inscribed “hasul-e-risk e halal ibadat hai” which roughly means that acquiring earnings through ethically prescribed manner is worship in itself.

This is the ultimate irony. The social norm is that dominance is required in order to have any reasonable level of reasonable earning or status or power. Ethically, it is culturally assumed generally that one cannot go far with ethics.

So how does the social identity of money resonate in Pakistan? Money is perhaps the purest example of ‘tabula rasa’ or blank table that we will find upon which we can inscribe our social imprints. It is the radical leveler according to Marx that destroys all other dimensions other than itself. As Karl Marx explains in detail in the Communist Manifesto:

“The bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It has pitilessly torn asunder the motley feudal ties that bound man to his 'natural superiors,' and has left remaining no other nexus between man and man than naked self-interest, callous 'cash payment.' It has drowned the most heavenly ecstasies of religious fervor, of chivalrous enthusiasm, of philistine sentimentalism, in the icy water of egotistical calculation. It has resolved personal worth into exchange value, and in place of the numberless indefeasible chartered freedoms, has set up that single, unconscionable freedom—Free Trade. In one word, for exploitation, veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation.

The bourgeoisie has stripped of its halo every occupation hitherto honored and looked up to with reverent awe. It has converted the physician, the lawyer, the priest, the poet, the man of science, into its paid wage laborers. The bourgeoisie has torn away from the family its sentimental veil, and has reduced the family relation to a mere money relation.”

To decrease polarization into religious segments, we can inscribe religious minority heroes on our bank notes but we also have a genius capacity of ignoring what does not fit in our mindset. Generally, it appears that intellectual areas of religious identity are responsible for shaping Pakistan according to the Middle Eastern’s beliefs and Saudization of Pakistan’s norms and religious beliefs. This indeed is a genuine reason but on its own it ignores an equally important and materialistic aspect of this situation. Remittances for one person working in the Middle East leads to transfer of money back to Pakistan which supports the whole family here. There is an extreme master/slave relationship in such countries as Pakistanis are mostly concentrated in lower class jobs, but the conversion rate makes those members working in the Middle East are interpreted here in Pakistan as saviors and models to follow. This material aspect is why internally dispositions are made favorable to the Middle East religious and cultural beliefs which local ideological areas rely upon.

NGOs and private sector innovations are helping change the identity of money as well. There are ever increasing micro finance opportunities for small size loans as well as easy paisa and other money transferring facilities that are now available in every nook of the country. This greatly facilitates ease of utility for money which was historically a considerable barrier especially for the poor.

We have some institutions of social welfare like EOBI and Benazir income support program but sadly awareness within citizens is extremely limited. Moreover, the mental barrier of having no free lunch and no rights and living on your own for all your needs means that even when awareness is raised, it is mentally ignored. Moreover, these platforms have considerable corruption elements within them that seek to discriminate even those who are eligible and apply for the benefits.

We strongly have the belief of 'barkat' (blessing) of our earning. That means that money and earning is accorded a psychological value of being plenty and blissful if it is ethically pursued. Unfortunately, this blessing has been severely curtailed due to massive inflation in past 6-7 years. Moreover, economy has consistently hemorrhaged which means that for instance that even though PKR 70,000 of today 2016 is worth PKR 35,000 of 2009, it is twice difficult now to earn the same amount of money. This double constraint on money is leading to polarization of cultural mindsets because material reality does play a major role in setting up of ideologies. Economic uncertainty, massive rising inequality and collapse in demand is more responsible for our lack of tolerance than any extremists' inspired way to salvation. It is the frustration from these which does not allow proper integration of member into our society that these extremists feed upon.

Given all these confounding dimensions, what can we reasonably conclude from this case study? We can conclude that it is imperative to search out for the interpretation behind money in Pakistan and not to isolate it in abstract compartmentalized analysis but to view it in a social and historical context. Trying to bring change by applying cosmetics on money itself is right enough to be dangerously wrong. Those efforts regarding money that are complemented with social policy addressing the underlying issues is the one that stands some chance of improving our material conditions as well as our mental tolerance in differences.

Conclusion

As always, taking the first step towards tangible action to reducing polarization is the main challenge. First mover hesitation is almost always crippling especially in social objectives like reducing economic inequality. However, the passion should shift from our debates to our actions. We have interpreted poverty and economic inequality in a myriad of ways; the point is to overcome it.