Inequality, unfairness, and social capital

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It is a common perception that inequality and unfairness have negative consequences for social interaction, both in the micro context (e.g., within one organization) and the macro context (society as a whole; "social capital"). A recent literature in social psychology supports such perceptions and claims that these effects are caused by a negative influence of income/wealth/status on those who do well: higher status supposedly causes a higher degree of selfish, possibly ruthless behavior. In contrast, lower status supposedly makes people more cooperative.

We probe the effect of unfair outcomes on "social capital," and its separate effects on the "rich" and the "poor" in a controlled economic experiment. We do find evidence for negative effects of unfair institutions on social interaction. Our data do not support the view that higher status or wealth leads to an erosion of cooperative attitudes, compared to low status individuals. In a second experiment we find that the effects are reflected in in-goup vs. out-group behavioral differences.

For some background see the BBC World program "Does Money Make You Mean?": http://www.bbc.co.uk/programmes/p02ll6y1