Working Paper

Economic Inequality and Academic Freedom

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Abstract

The term academic freedom these days invokes controversies on freedom of speech, de-platforming and cancel culture. These are important debates but they are not the focus of this essay, for the simple reason that they are not the area of my knowledge and expertise. Rather, my focus will be on the role of economic resources in determining opportunities in academic education and research, freedom in the positive sense. I will develop three broad propositions: (i) economic inequality begets academic inequality, which in turn sustains economic inequality; (ii) economic inequality curtails positive freedom and positive academic freedom; (iii) to enhance positive academic freedom, policy should target general economic inequality as much as specific academic inequality.

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1. Introduction

The term academic freedom these days invokes controversies on freedom of speech, de-platforming and cancel culture. These are important debates but they are not the focus of this essay, for the simple reason that they are not the area of my knowledge and expertise. Rather, my focus will be on the role of economic resources in determining opportunities in academic education and research, freedom in the positive sense. I will develop three broad propositions: (i) economic inequality begets academic inequality, which in turn sustains economic inequality; (ii) economic inequality curtails positive freedom and positive academic freedom; (iii) to enhance positive academic freedom, policy should target general economic inequality as much as specific academic inequality.

I begin in Section 2 with a brief introduction to conceptual and empirical issues in measuring inequality, leading to an account of global economic inequality trends over the last thirty years. It will be seen the trends and patterns are intricate and nuanced, and there is no universal pattern of rising inequality. However, the underlying forces are geared towards rising economic inequality--the variations reflect policy choices. The section then defines academic inequality and highlights its two way causal connection with economic inequality. Section 3 distinguishes between negative freedom and positive freedom, and highlights positive freedom as the focus of this essay. It then assesses economic resources and economic inequality as key determinants of positive freedom, including positive academic freedom. If economic inequality curtails positive freedom and academic inequality curtails positive academic freedom. Section 4 takes up the question of the policy balance between targeting academic inequality specifically versus economic inequality more generally, given the objective of enhancing positive academic freedom. Section 5 concludes.

2. Economic Inequality and Academic Inequality

2.1 Economic Inequality

What are the trends in economic inequality? To answer this question we must first conceptualize, define and measure economic inequality. This is not the place for a detailed exegesis on the topic, but some ground clearing is nevertheless necessary.

Any discussion of inequality must begin by specifying inequality of what and inequality between whom. Since the focus of this essay is on economic inequality it follows that the "what" will be an economic magnitude of some sort. The most obvious, and indeed the most commonly used in practice, is a monetary measure of wellbeing like income or consumption. Technical issues abound on the choice between these, and on a host of other questions such as accounting for price variations over time and space. These are resolved in one fashion or another, with much debate among technicians, before headline numbers on inequality and poverty are produced.

Inequality among whom also raises conceptual and technical issues. The default concept is usually that of inequality between individuals. One thinks of individuals in a society ranked from the highest income or consumption (the "what") to the lowest, and this pattern captures inequality. But what of babies, or the aged, or those of who do not earn any income but still of course have consumption? Further, data on consumption is collected is usually through household surveys, where information on consumption expenditure is collected at the household level. How is this translated into an individual monetary measure of wellbeing? All these questions are debated and there are many unresolved issues, but in practice most official measures simply divide total household income or consumption by the number of individuals and allocate the per capita household magnitude to each individual in the household. In some cases, to allow for the fact that children's needs are different from those of adults, so called "adult equivalent scales" are used, but there is then debate on what conversion factors should be applied. And so on.

There is also debate in the economics literature on economists' instinctive fall back on the individual as the basis for inequality between whom. Economic inequality across groups is a key feature of most societies. These groups are defined most obviously by gender, race, ethnicity, caste, religion, language, region, and so on, but other salient groupings can be present in specific socio-political settings, and intersections between these groupings are also particularly relevant. The distinction corresponds of course to the difference between vertical inequality (inequality across individuals) and horizontal inequality (inequality across groups). There is a large literature on this—see for example Stewart, 2001, and Jayaraj and Subramanian, 2006. One way of marrying the traditional focus on inequality across individuals with the salience of groups is to "decompose" overall inequality among individuals into two components—that accounted for by inequality within groups and that accounted for by inequality between groups (Kanbur, 2006). We can then ask what fraction of overall inequality is accounted for by the between-group and within-group components to provide a particular perspective on inequality. Group decomposition will be taken up later in this discussion.

Having specified the what and the whom, let us say income or consumption for the what and individuals for the whom, we have a distribution of the what across the whom—from the highest to the lowest. The next step is to capture this pattern of spread numerically. There is once again a big technical literature on this. Among the most commonly used measures is the Gini coefficient, which is a number

between zero and one, with higher values showing higher inequality. But there are other measures, including for example the mean log deviation, which measures the spread of the logarithm of income. And on it goes.

All of the above is to give a glimpse of what lurks beneath the surface of summary headline measures of economic inequality of the type we see generally used, and indeed of the type we will now turn to in asking what have been the trends in inequality, so measured. Let us ask the question: "Are we living in an age of rising inequality?" To read the general discourse, one would think that the answer has to be yes. And the narrative is indeed backed up by outcomes in several large countries from the 1980s and 1990s onwards, including of course the USA, China and India. Thus a large share of the world's population lives in countries for which economic inequality as conventionally measured has been rising.

However, global patterns on outcomes are more nuanced than this.[1] At the same time as inequality was rising in some countries, it was steady or actually falling in others. Till about five to seven years ago, for example, the general Latin American experience had been of a previous decade and a half of falling inequality. The levels of inequality were still relatively high, but the trend was decidedly downwards, bucking the usual characterization of Latin America. Overall, as Hasell (2018) notes, "It's a mistake to think that inequality is rising everywhere. Over the last 25 years, inequality has gone up in many countries and has fallen in many others. It's important to know this." Even in China, the poster child for rising inequality, Kanbur, Wang and Zhang (2017) argue that there may be signs of a deceleration of the rise, a plateauing, and perhaps even a small decline from its high peak in 2010 or so.

A final element in global inequality trends is the following. Consider inequality between all individuals in the world—the world as a single country. What has been happening to inequality conceived of in this way? The answer, perhaps surprising, is that it has been falling. How can this be? Think of world inequality as being made up of two components—inequality within each country, whether that country is rich or poor, and inequality because of the gap between rich versus poor countries. In terms of the first component, the complex patterns have already been noted. But the second component has clearly been falling because on average poorer countries (like India and China) have been growing much faster than richer countries (like USA and Europe). The net outcome is an empirical question, but overall global inequality has in fact fallen, as shown for example by Lakner and Milanovic (2016).

So far I have not touched on wealth inequality. Sources like Forbes magazine produce eye-popping numbers on the wealth of billionaires, for example, that the world's top 10 billionaires own more than $800 billion. But systematic data on wealth inequality is not as easily available and the sources are not as uniform or as widespread as the household income an expenditure surveys which underpin measurement of income and consumption inequality. But estimates are nevertheless available and striking. The Credit Suisse (2019) Global Wealth Report says that the world's richest 1% own 45% of the world's wealth. But the trends in wealth inequality are also interesting:

"The evolution of wealth inequality this century for the world as a whole is a case in point. Our estimates indicate that the share of the top 1% declined until the global financial crisis, then trended

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[1] There are many sources of data and trends for countries around the world. See for example summaries in Kanbur (2019), Asian Development Bank (2012), and Hasell (2018).

upward until 2016, when it stabilized. The top 1% currently own 45.0% of global net assets, down slightly from the 46.9% share in 2000." (Credit Suisse, 2019, p. 25)

So, are we living in an age of rising inequality? If by this is meant that income inequality is rising everywhere, the claim is easily dismissed. But I have argued (Kanbur, 2019) that there is a more fundamental sense in which we are living in such an age:

"Inequality is not rising everywhere nor in the world as a whole. But there is, indeed, a sense in which we are living in an age of rising inequality, going beyond the Piketty (2014) argument that rising inequality is the natural state of capital accumulation in a capitalist economy. This is that the trend of technological progress is to displace basic labour in favour of skilled labour and capital. Such labour-saving technical change, also called skill-biased technical change has been the hallmark of the world economy for at least the last three decades, and looks set to continue in the decades to come…" (Kanbur, 2019, p. 438)

But if the fundamental forces of capital accumulation and technical change are making for rising inequality, what explains variations in inequality trends around the world? The answer, I argue in Kanbur (2019), is policy. Those countries which have had some combination of (i) redistribution of market generated incomes and (ii) what has been termed "predistribution", reducing inequality of physical and in particular human assets, have mitigated the underlying forces. The second of these, the addressing of human capital differences with which individuals enter the market, leads us to the question of education inequality.

2.2 Academic Inequality

The focus of this essay is on academia, by which I mean higher education and specifically Universities. But before moving to academic inequality let us consider education inequality more generally, and its connections to economic inequality. How would one measure education inequality? Again, we have to ask inequality of what and inequality between whom. Let us continue to specify the whom as individuals. For the what, a standard specification is something like "years of schooling" or various discrete proxies like primary education, secondary education or higher education—a "quantity" measure of education.

By and large, quantity measures of education have improved in the world over the past half century. Primary school enrollment, for example, has increased in most countries, and the gender gap has closed. Systematic data as compiled for example by Roser and Ortiz-Ospina (2017) show that the Gini coefficient of years of schooling is lower in younger generations than in older generations, and there has been on average a remarkable decline in the overall education Gini as a global phenomenon. There are, however, three important caveats to this quantitative assessment. First, since there is an upper limit to the years of formal schooling there is a tendency for inequality to decline as enrollment rates rise from the bottom up. Second, this is an assessment of the quantity of education, not of its quality. Third, what is important is who is getting the increased education, in other words, the link between household economic resources and educational attainment also matters.

There is widespread evidence that educational achievement in terms of level and quality is indeed well correlated with the economic resources of the household of the student. As a recent review of the evidence notes:

"Children from the poorest families are less likely to start school. Those who do start school are more likely to drop out early, though at varying rates across countries….In nearly every country, parents' wealth and education attainment are the main determinants of their children's education. On average, in developing countries there is a 32 percentage point gap between the chances of children in the poorest and richest quintiles completing primary school…" (World Bank, 2018, p. 61).

The effect of wealth inequality is accompanied by systematic inequalities across gender, race and ethnicity. Thus horizontal inequality in education accompanies vertical inequality. Similar patterns are found for secondary education.

For higher education, Ilie and Rose (2016, p. 435), for example, present results which are consistently confirmed in empirical research:

"Analysing Demographic and Health Survey data from 35 low- and middle-income countries in sub-Saharan Africa and South Asia, we show wide wealth inequalities in particular, with few if any of the poorest gaining access to higher education in some countries. We further identify that wealth and gender inequalities interact and tend to be wider in countries where levels of higher education are higher. This implies that expansion in access to higher education may predominantly benefit the rich, unless measures are taken to tackle inequalities."

These same tendencies are present in the higher education sector in rich countries (OECD, 2019, p. 239-240). The United States is a case in point, where the narrative of the role of post-war higher education expansion in mitigating economic inequality has been replaced by the role of this sector in maintaining and propagating inequality in the last three decades. A recent comprehensive analysis by Chetty et. al. (2017), based on data from over 30 million college students in the US in the period 1999-2013, arrives at the sobering conclusion that "access to colleges varies greatly by parent income. For example, children whose parents are in the top 1% of the income distribution are 77 times more likely to attend an Ivy League college than those whose parents are in the bottom income quintile" and that "the fraction of students from low-income families did not change substantially between 2000-2011 at elite private colleges…". It is often argued that US universities perform a global equalizing function by educating foreign students, particularly students from poor countries. But it should be clear that only the wealthy from poor countries can afford to pay the fees of US universities so, the small number of scholarships notwithstanding, this further spreads inequality of higher education at the global level.

It is also quite remarkable that in the US these elite private universities, which cater disproportionately to students from high income families, do not pay tax on income from their significant endowments (around $38 billion for Harvard and $7 billion for Cornell in 2018). Further, donations to these universities from wealthy individuals, to fund research for example, attract tax breaks for these individuals.

These tax breaks also apply to foundations set up by wealthy individuals, spawning the enormous philanthropic sector in the US. While separate from universities, this sector is symbiotic with them: it interacts closely with them and funds their activities. Credit Suisse (2018) estimates that assets

of US foundations are almost $900 billion dollars (the biggest is the Gates Foundation, with almost $50 billion), and the income from them is tax free, to be dispensed of by the foundations according to their priorities. These same foundations now support research in many developing countries, carried out by their universities.

The inequalities in education, and in higher education specifically, reflect economic inequality but also propagate it. This is particularly so in this era of skill biased technical change, where the rates of return to each additional year of education have increased dramatically, and more so at higher levels of education. While inequality of years of schooling has been declining overall as basic education enrollment has increased, inequalities persist at higher levels of education and furthermore the rate of return to additional years of schooling has become more unequal.[2] The overall effect is that inequalities in higher education are one of the forces making for rising inequality. As noted earlier, these forces are counteracted in some parts of the world by redistribution of different types, but not in others. But the fundamental forces of technical change, displacing basic labor in favor of educated labor and capital, are strong and strengthening. Academic inequality is thus part and parcel of economic inequality, as cause and consequence.

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[2] There is a large literature on this. See for example Autor, 2014; Acemoglu and Autor, 2011; Acemoglu and Restrepo 2018; Chau and Kanbur 2018.

3. Economic Inequality and Positive Freedom

3.1 Positive Freedom

Having defined and examined economic inequality, I begin the task of linking it to academic freedom by starting with a discussion of freedom in general. This is of course a vast topic, with interpretations within interpretations, likely to get one lost in a maze of semantics. For me it is useful to start, as with inequality, by asking the what and whom questions—freedom of what and freedom for whom? On the whom, the bulk of the literature focuses on the individual. This is not to say that the collectivity is not important for freedom—just that it is the individual's freedom, whatever that is, is the subject of interest. But what is it? I address this with reference to the work of Isiah Berlin and Amartya Sen.

The locus classicus of post war discourse on freedom is argued to be Isiah Berlin's *Two Concepts of Liberty* (Berlin, 1958). It has supporters and detractors, but it can perhaps rightly be said to have crystallized and framed much of the subsequent discussion, even right up to today. The distinctive contribution of Berlin is to counterpose "negative" and "positive" freedom:

"The first of these political senses of freedom or liberty (I shall use both words to mean the same), which (following much precedent) I shall call the 'negative' sense, is involved in the answer to the question 'What is the area within which the subject - a person or group of persons - is or should be left to do or be what he is able to do or be, without interference by other persons?' The second, which I shall call the 'positive' sense, is involved in the answer to the question: 'What, or who, is the source of control or interference that can determine someone to do, or be, this rather than that?'" (Berlin, 1958, p.2).

As Berlin himself notes, the characterization is not new. It goes back to Immanuel Kant and before, but it was Berlin's formulation which animated discussion in the following decades, including whether these two were in fact different, whether they were the only sorts of freedom, and so on[3].

A somewhat colorful illustration of the distinction, linked directly to equality, is found in Anatole France's famous dictum from his 1894 novel, Le Lys Rouge:

"In its majesty equality, the law forbids rich and poor alike to sleep under bridges, beg in the streets and steal loaves of bread."

Suppose in fact the statement was that "the law does not forbid rich and poor alike to sleep under bridges, beg in the streets and steal loaves of bread." Thus neither poor nor rich are forbidden from begging—they have negative freedom. But only one of them has the positive freedom to beg or to not beg. A similar distinction can be drawn in the realm of markets. On the one hand a free market could be argued to enhance negative freedom if an individual is not prevented from purchasing commodities on the market. But whether the individual in question can actually purchase from that market depends on whether the price can be afforded. Economic resources are a key determinant of positive freedom, no matter the provisions for negative freedom.

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[3] Thus, for example, Anderson (2018) says there are (at least) three types of freedom—negative, positive and republican (or non-domination).

The focus of this essay is positive freedom. Within economics, and in particular within development economics, the most elaborate and sustained development of the concept of positive freedom, what he calls substantive freedom, is that of Amartya Sen. It is difficult to find a single definitive reference for what was and has been an ever evolving thought process, but perhaps his 1999 volume *Development As Freedom* comes closest to a self-contained argument. Closely linked to this development is Sen's conceptualization of functionings and capabilities (Sen, 1985). As summarized by Robeyns (2011):

"Functionings are 'beings and doings', that is, various states of human beings and activities that a person can undertake. Examples of the former (the 'beings') are being well-nourished, being undernourished….being educated, being illiterate….. Examples of the second group of functionings (the 'doings') are travelling, caring for a child, voting in an election, taking part in a debate….(pp. 3-4).

"Capabilities are a person's real freedoms or opportunities to achieve functionings. Thus, while travelling is a functioning, the real opportunity to travel is the corresponding capability. The distinction between functionings and capabilities is between the realized and the effectively possible, in other words, between achievements, on the one hand, and freedoms or valuable opportunities from which one can choose, on the other." (p.21)

Sen (1987) himself puts it as follows:

"……a functioning is an achievement, whereas a capability is the ability to achieve. Functionings are, in a sense, more directly related to living conditions since they are different aspects of living conditions. Capabilities, in contrast, are notions of freedom in the positive sense: what real opportunities you have regarding the life you may lead" (p. 36).

Notice the departure from the narrowly economic conception of wellbeing in specifying functionings, which include for example being educated and being healthy. Indeed economic resources take on a decidedly instrumental role in delivering functionings. The same is true of capabilities. Voting in an election or taking part in a debate is a functioning. Having the opportunity to vote or to take part in a debate is a capability. Of course if there is a formal bar against voting or debating that would be a violation of negative freedom. But even if there is no such bar, but economic resources constrain the ability to vote (because taking time out to vote would mean loss of desperately needed income for example) or to engage in debate (because of lack of access to the internet) then there is loss of positive or substantive freedom, or capability in Sen's terms. Economic resources are instrumental in delivering capabilities, and economic inequality can then explain differing capabilities, "freedom in the positive sense", across individuals. What then, empirically, is the relationship between economic inequality and positive freedom?

3.2 Inequality and Freedom

The measurement of freedom is a vast topic with many controversies. Negative freedom, in particular, as spawned many indices. The narrowly economic include the Economic Freedom Index published by the Heritage Foundation (Miller, Kim and Roberts, 2020). The components of this index are given by:

"Rule of law (property rights, judicial effectiveness, and government integrity); "Government size (tax burden, government spending, and fiscal health); "Regulatory efficiency (business freedom,

labor freedom, and monetary freedom); and "Market openness (trade freedom, investment freedom, and financial freedom)." (Miller, Kim and Roberts, 2020, p. 13).

A broader range of negative freedoms, going from the economic to the personal, is attempted to be captured in the Human Freedom Index, published by the Cato Institute, the Fraser Institute, and the Friedrich Naumann Foundation for Freedom (Vasquez and Porcnik, 2019). This index is an aggregate of 76 sub-components, 33 from the economic column and 43 from the personal column. In the latter are measures of freedom of speech, religion, association, and assembly.

The connection between economic inequality and negative freedom has been analyzed extensively. A recent illustrative paper, for example, is that by Apergis and Couray (2015):

"This study employs panel data from 138 countries (with unbalanced time frameworks) to investigate the relationship between economic freedom and income inequality. Both linear and non-linear cointegration methodologies are used to identify a long-run equilibrium relationship between: (i) the overall Economic Freedom of the World index and income inequality, and (ii) the major areas of the index and income inequality. The linear long-run parameter estimates document that the association turns out to be negative, while the non-linear long-run parameter estimates illustrate that above a threshold point the association between economic freedom and income inequality is negative, while below this threshold point, the association turns out to be positive. The empirical findings survive a number of robustness tests, such as alternative measures of income inequality." (p. 88)

As might be imagined, there are many such papers in the literature, with outcomes ranging from associational relationships to deeper causal interrogation through statistical analysis.

As already noted, the focus of this essay is on positive freedom. But empirical analysis faces an immediate problem in actually measuring what Sen (1987) calls "freedom in the positive sense: real opportunities you have regarding the life you may lead." This is because what is actually observed in our data is outcome, not opportunities from which that outcome came. What we observe is actual school enrollment, actual health outcome, actual nutrition, and so on. Two individual could have the same educational outcome, but very different possibilities for education. It is the set of opportunities, the set of possible outcomes, which conceptually captures positive freedom, but our data only registers a single actual outcome.

Faced with this difficulty, one strand of the literature uses the outcomes, the functionings, and simply interprets them as representing capabilities or positive freedoms. This is true of the famed Human Development Index, which is an equal weighted average of three components—income, life expectancy and years of schooling at the national level. It is also true of more recent developments such as the Multidimensional Poverty Index (M_0) as made clear by the originators Alkire et. al. (2015):

"Note that this capability interpretation of M_0 does not directly represent 'unchosen' sets of capabilities in a counterfactual sense….Rather, …..it *interprets* the deprivations as at least a minimum set of widely valued, achieved functionings as unfreedom, or capability poverty" (pp. 188-190)."

With this empirical strategy, what is the connection between economic inequality and different outcomes in functionings? This is again a vast literature.

At one level, if higher economic resources at the individual or household level are causally associated with higher achievements in health and education, greater spread in economic resources across individuals will lead to greater spread in the achievements. But there is a further question which requires more detailed examination. Will the average level of achievement of a functioning in a group be lower when economic inequality is higher, holding average economic resources constant? There are two possible mechanisms. First is purely mechanical, deriving from the shape of the function relating functioning to economic resource at the individual level. Technically, it depends on whether the function is concave or convex. The second mechanism is more substantive, the argument being that economic inequality in a group affects achievements of individuals in that group directly. Deaton (2003) summarizes this argument as follows:

"Income inequality, or other related social inequalities with which it is correlated, may be directly hazardous to individual health. According to a recent body of literature, equal societies have more social cohesion, more solidarity, and less stress; they offer their citizens more public goods, more social support, and more social capital; and they satisfy humans' evolved preference for fairness." (p. 113).

Deaton himself is a sceptic on the evidentiary basis for this causal link (but not for the link from low income, unemployment, or an inadequate health system to bad individual health outcomes), but there is a lively debate on the issue. The empirical counterarguments are put, for example, by Wilkinson and Pickett (2009).

In similar vein, a causal impact of economic inequality has been posited on a range of average outcomes such as crime and social cohesion. One possible endpoint in this chain of causation, for economists at any rate, is economic growth itself. This is a reversal of the usual discussion of the so-called "Kuznets curve" in development economics which posits a causal relations ship between growth in per capita income and inequality (first rising, then falling). It is now argued that inequality, through its impact on social cohesion and thus investment climate, negatively impacts economic growth. Perhaps surprisingly, recent empirical support for this causality has come from research at the International Monetary Fund (Berg et. al, 2018):

"Across a variety of estimation methods, data samples, and robustness checks, we find: (1) lower net inequality is robustly correlated with faster and more durable growth, controlling for the level of redistribution; (2) redistribution appears benign in terms of its impact on growth, except when it is extensive; and (3) inequality seems to affect growth through human capital accumulation and fertility channels." (p. 259)

Thus there are reasonable arguments in the literature that all three components of the Human Development Index (income, health and education), an index developed to measure positive freedom, respond positively to lower economic inequality.

I close this brief overview of linkages between economic inequality and freedom by discussing a recent burgeoning of the economic literature on the measurement of "inequality of opportunity", inspired by the conceptualization of John Roemer (1998). The normative foundations are ascribed to particular strands of the philosophical literature:

"In political philosophy, beginning with Rawls (1958, 1971), ….a new approach to egalitarianism transpired, which inserted personal responsibility as an important qualifier of the degree of equality that is ethically desirable. Thus, the development of egalitarian theory, since Rawls, may be characterized as an effort to replace equality of outcomes with equality of opportunities, where opportunities are interpreted in various ways." (Roemer and Trannoy, 2014, p. 218).

This strand argues that only that inequality attributable to factors outside the control of the individual is illegitimate. Factors under the control of the individual fall into the category of personal responsibility.

The empirical method is to attribute the variation of an outcome of interest (say income, or education) to variations in "circumstances", by which is meant factors outside the control of the individual, and "effort", factors which are under individual control. Gender, race, caste, parental wealth, parental education, etc., are deemed to be circumstances, as are the intersections of these groupings. Once the groupings are decided, inequality between the average outcomes in these groups is argued to be the result of circumstances, and that within these groupings around the group average is the result of effort. The fraction of total inequality accounted for by the between-group term in a between-group/within-group decomposition, is then identified as a quantitative measure of "inequality of opportunity".

Estimation of inequality of opportunity in this manner is now widespread, and estimates are available for most countries in the world, and over time for some countries in the world. How large is inequality of opportunity as quantified by the between-group/within-group decomposition? The answer turns out to be surprisingly small. Even in South Africa, where racial divides are indeed dramatic, the fraction of overall inequality accounted for by race was 50% in 2006 and came down to 40% in 2015 (Statistics South Africa, 2019, p. 39). In other parts of the world the between-group contributions hover around 30% or lower, depending on how many circumstance groups are considered.

There are technical and conceptual critiques of the method (for example, Wagstaff and Kanbur, 2015), and many extensions (for example, Hufe, Kanbur and Peichl, 2018). But what are the connections of the approach to freedom? The underlying conception seems to be that no individual's circumstance group (race, gender etc) should be denied equal access to the average income (or education or other element of wellbeing) in the society as a whole. To the extent that the average of a group is below the overall average it could be argued that there is curtailment of freedom in the negative sense. But equally, lack of access to income curtails positive freedoms in the sense discussed earlier, it reduces choices available to the individual. However, within each circumstance group the assumption is that variations in income (or education etc) are the result of free choices, so these variations do not indicate variations in freedom. The deep philosophical connections between the philosophical strands of freedom on the one hand and inequality of opportunity on the other will bear much further exploration and clarification.

4. Policy: Targeting Economic Inequality or Academic Inequality?

As noted at the start, my focus in this essay is not on academic freedom in the sense of freedom of speech, de-platforming and cancel culture. I have no special or deep knowledge to bring to these questions. Rather, I have considered the role of economic resources and economic inequality as a determinant of freedom in the positive sense, "*freedom to*, that is, the ability (not just the opportunity) to pursue and achieve willed goals**"** (Cherniss and Hardy, 2020). This is in no way to deny the importance of negative freedom. Prohibition, whether formal or informal, of participating in academic activity for certain individuals or groups has been a central feature of many political configurations and societies, and continues to be so. But even when there are no such restrictions, the inequality of economic resources shapes opportunities in education and in the world of ideas more generally. It is this I wish to highlight and discuss.

If I may indulge my economist self for a little longer, the distinction between supply constrained and demand constrained regimes can be illuminating for the argument I wish to develop. "Regimes" is a technical term indicating situations where one or the other of supply or demand dominates. A good illustration is in fact from education. Parents have a demand for education for their children which is determined by many factors including economic resources. There is a supply of educational facilities (places in schools or Universities). So long as the number of these places is less than the demand, we have a supply constrained regime. No amount of parents wishing their children to be educated, and indeed being willing to sacrifice to do so, will do any good in increasing enrollment. But as the number of places continues to increase through school building and so on, eventually the situation will turn into a demand constrained regime. The places are there, but parents do not wish to send their children to the schools, for example for the economic reason that the children's income in the labor market or contribution to the home economy is more valuable relative to the costs of sending them to educational establishments.

Academic freedom seen as positive freedom, as providing opportunities for income earning on the one hand but also an opening to the world of ideas, depends on supply side and demand side constraints. But each of these in turn depends on economic resources. Given demand, access and enrollment depend on resources for places and teaching. But given supply, access also depends on demand side economic factors. Both have to be taken into consideration.

This then leads to a major policy question. If household economic resources determine access to and performance in the academic sector, and public resources devoted to the academic sector also determine access to and performance within the academic sector, which should be targeted if the objective is to equalize academic opportunity and thus enhance academic freedom and equality of academic freedom? Direct policies towards academic inequality are an obvious answer. But I wish to argue that general policies towards economic inequality are an important complement, and in some cases can be even more powerful.

To focus just on policies to target inequalities within the academic sector could lead us to fall into a trap set by a strand of the equality of opportunity line of thinking. An argument has developed in recent years that public policy should refrain from redistributing income or wealth but focus on "equalizing opportunity" through equal public provision of high quality education. The reasoning is two-fold. First, it is argued that there are economic incentive effects from redistributing income or wealth which could

affect efficiency and growth. Second, that normatively one should provide "an equal start" with equal education and then let income and wealth develop through individual effort and initiative.

Haaparanta et. al. (2019) have questioned this line of reasoning in the context of a formal economic model of optimal taxation. Their conceptualization is general enough to cover all education but is also applicable to higher education and academia. They envisage academic educational outcomes for an individual as being a function of two types of inputs—public and private. Policy makers have a choice of how equal to make public inputs. We know that these are hugely unequal, but suppose for the sake of argument that there was equal access and equality in quality conditional on access. Even in this case where public inputs are equal, Haaparanta et. al.(2019) argue, there will be unequal educational outcomes because of unequal private inputs flowing from unequal household resources. Of course the inequality of educational outcomes is further compounded when public inputs are themselves unequally distributed. The point here is that inequality of household inputs matters.

There is the further question of how resources are to be raised for the provision of public education. These could be raised in a progressive or a regressive manner. The question of economic inequality is not evaded simply by focusing on equal provision of education. Combining these different elements together, Happaranta et. al. (2019) conclude as follows:

"Progressive taxation is a potent instrument for equalizing opportunity through equalizing education outcomes…..When educational outcomes are highly sensitive to parental inputs relative to public provision, perhaps paradoxically the case for progressive taxation tends to be stronger under the equality of opportunity objective." (p. 16).

All of the above is if public inputs to academia themselves do not have in-built inequalities. However, this is manifestly not the case, with resources of Universities being very unequally distributed. Taking the US as a leading example, endowment per pupil is $3.1M for Princeton, $2.3M for Yale, $1.6M for Harvard and $1.5M for Stanford. For my own University, Cornell, endowment per pupil is $295K for its 25,000 students. As noted earlier, however, these endowments enjoy tax free status because of their educational mission. Further, wealthy individuals who donate to these Universities, also enjoy tax breaks on the donation, as they do for donations to Foundations, which in turn support research at Universities. Dasgupta and Kanbur (2011) argue that tax breaks for philanthropy can increase inequality. Reich (2018) is among those who argues that such tax breaks are regressive:

"It might seem as if philanthropy is just the exercise of a person's liberty to donate money, an act that has little or nothing to do with government spending and policy priorities. In actuality, American philanthropy — and that of most other countries — is supported by taxpayers through tax concessions, and this fact implicates all citizens in a system with badly distorted priorities….The charitable tax deduction was introduced into the tax code through the War Revenue Act of 1917. The details of the provision have been amended over the decades, but the core of the deduction remains the same: a subsidy in proportion to the tax rate of the donor….Clearly something has gone wrong when taxpayer money supports Bill Gates's check-writing more heavily than your neighbor's Boys & Girls Club membership."

A tax regime which is regressive thus goes hand in hand with unequal giving to the wealthiest Universities. Policies targeting economic inequality in general have powerful consequences for academic inequality.

5. **Conclusion**

Let me conclude by reviewing the arguments advanced in this paper. I started by examining trends in economic inequality. Although the fundamental forces of physical and human capital accumulation combined with technological change are making for rising inequality, the actual patterns of inequality around the world are intricate and nuanced. This is because the nature and degree of policy response to these forces had varied across countries. In the large economies of the world, and in countries where the majority of the world's population live, inequality as conventionally measured has risen. And inequalities across socio-economic groups such as gender and race remain significant.

The patterns of educational and academic inequality are also nuanced. On the one hand, inequality in levels of education as measured by years of schooling has declined globally, driven in large part by increased enrollments from the bottom upwards. However, this refers to the quantity of education, not its quality. Inequality within the education sector remains high, and access is closely associated with economic resources of the household of the student.

My focus in this essay is on freedom, and academic freedom, in the positive sense. Having freedom in the negative sense, not being forbidden from doing certain things, is important. But even if there is no formal provision against participation, economic resources nevertheless determine access to and engagement with academic education and research—freedom in the positive sense. Thus economic inequality, which is a determinant of academic inequality, is in turn a determinant of positive academic freedom, and positive freedom more generally.

While a natural response to the constraints academic inequality poses to positive academic freedom is to address this inequality directly, an important complement to this, and perhaps dominating it, is addressing economic inequality in general. At the very least, raising of resource to address academic inequality cannot be divorced from economic inequality in general—the resources can be raised in a progressive or regressive manner. And, further, even if access to the academic sector is equalized, the inequality of overall educational outcomes is dependent also on inequality of household resources. Thus, as stated at the start, economic inequality begets academic inequality, and is then sustained by it. Since the underlying economic forces of our time are geared towards rising inequality, policy has to be targeted purposively to addressing and countering these forces to enhance positive freedom, including academic freedom in the positive sense.

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