

Inequality: the enemy between us?

Richard Wilkinson

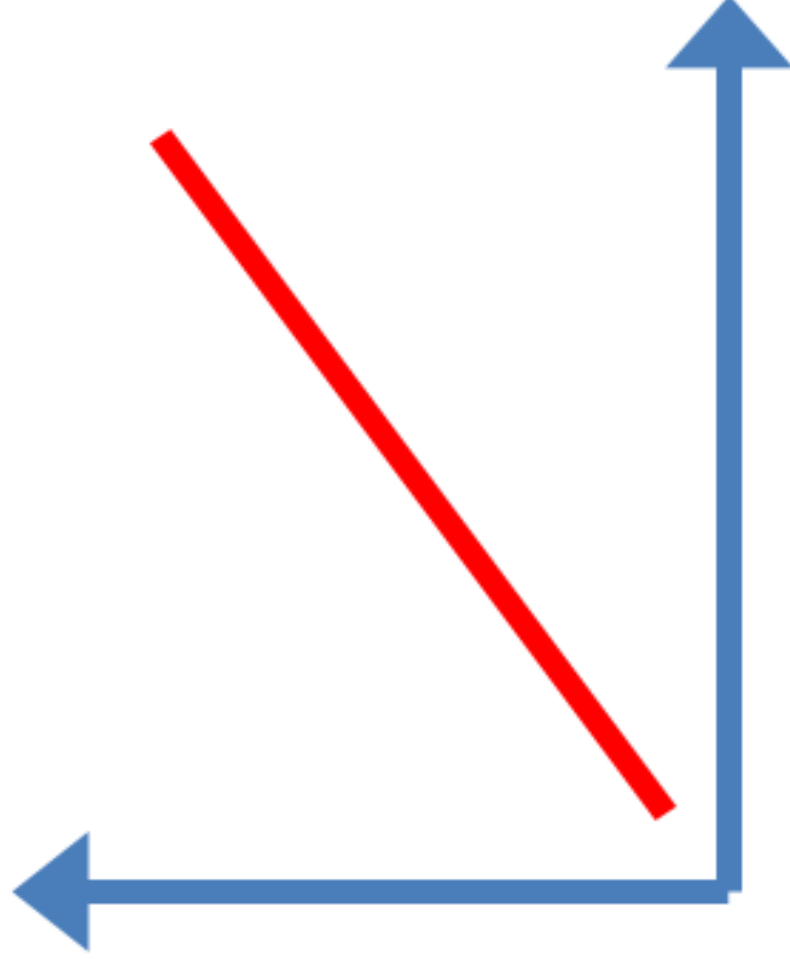
Emeritus Professor of Social Epidemiology

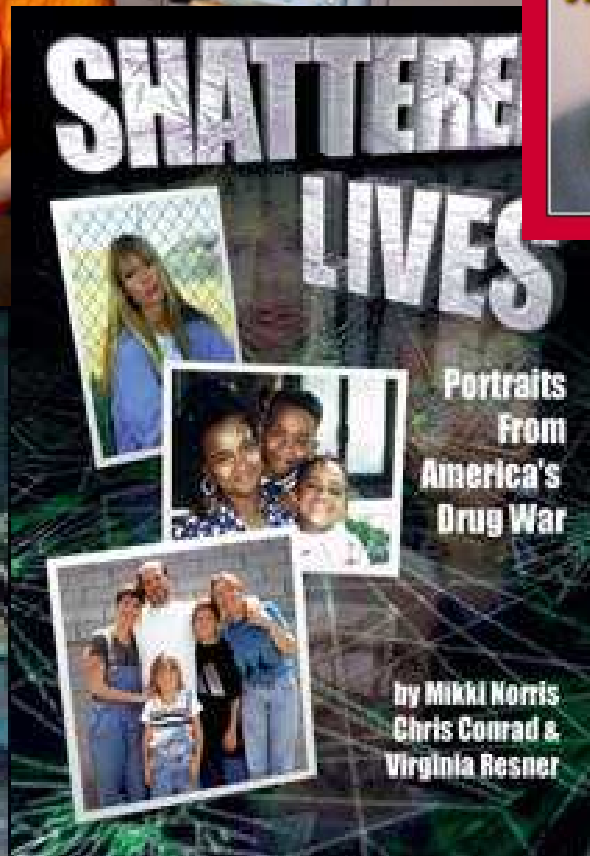
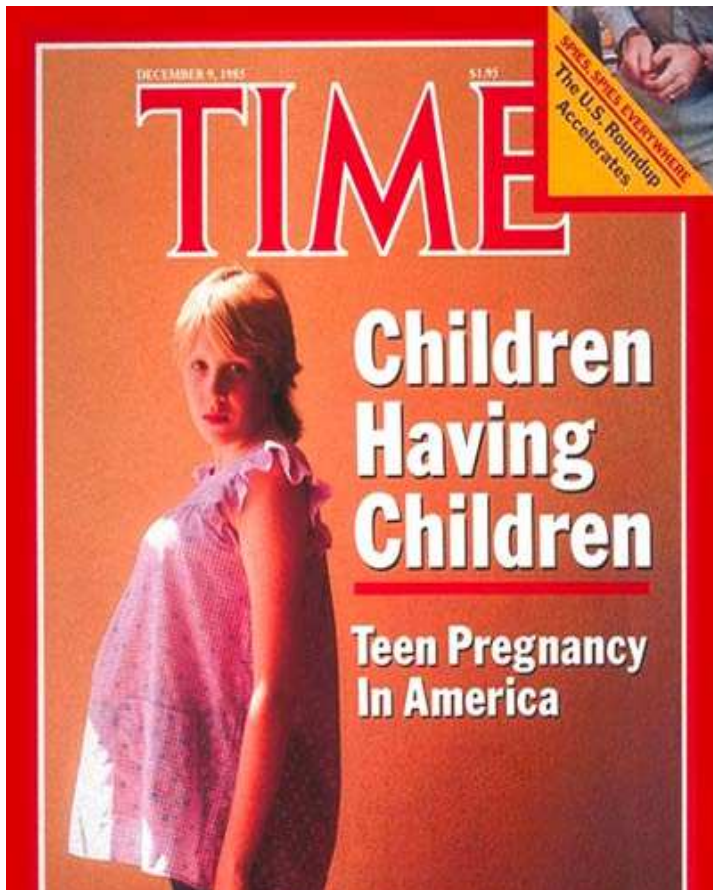


Photo by kind permission of Matt Stuart

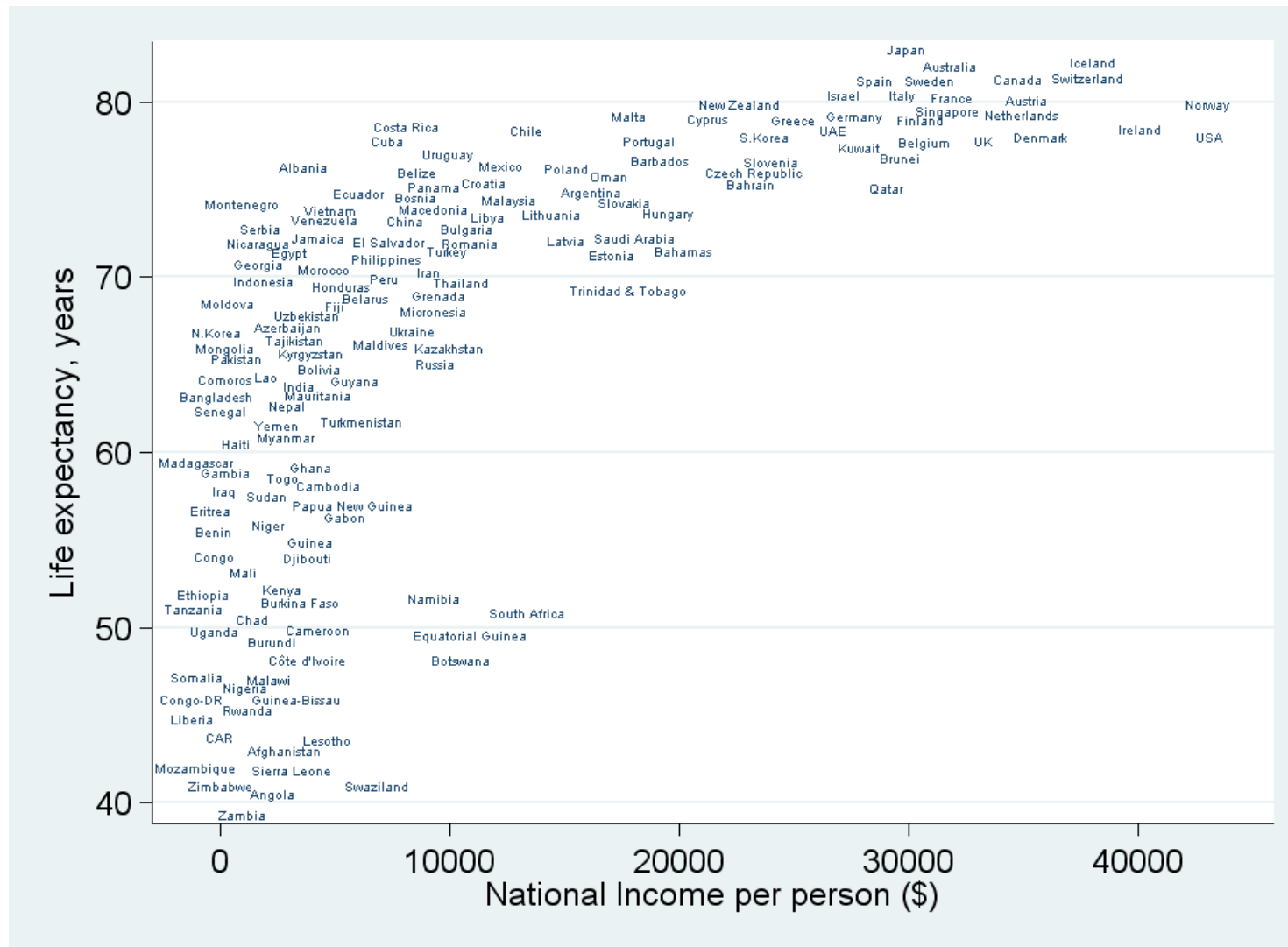
Problems

**Income
inequality**





Income per head and life-expectancy: rich & poor countries



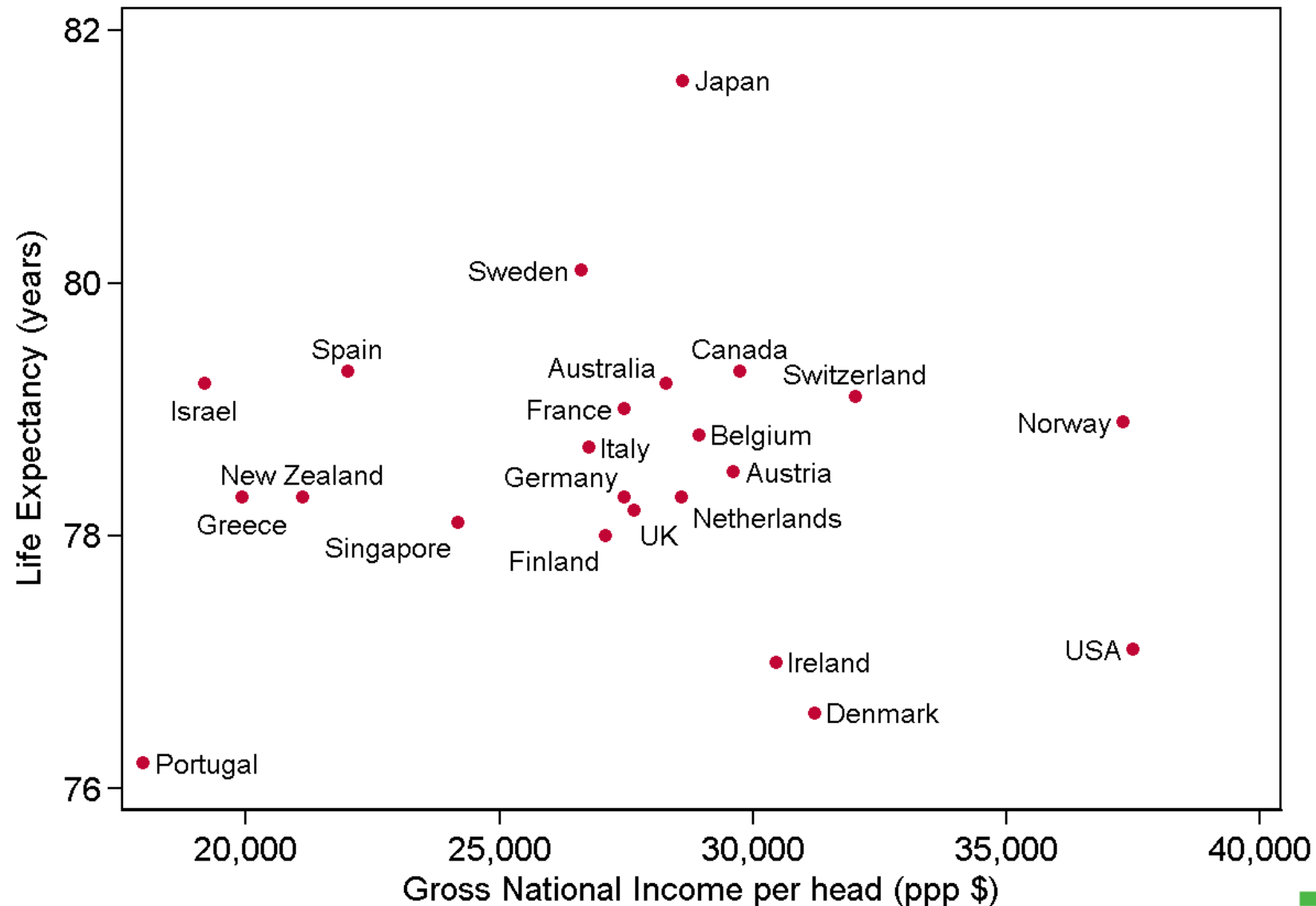
Source: Wilkinson & Pickett, *The Spirit Level* (2009)

www.equalitytrust.org.uk

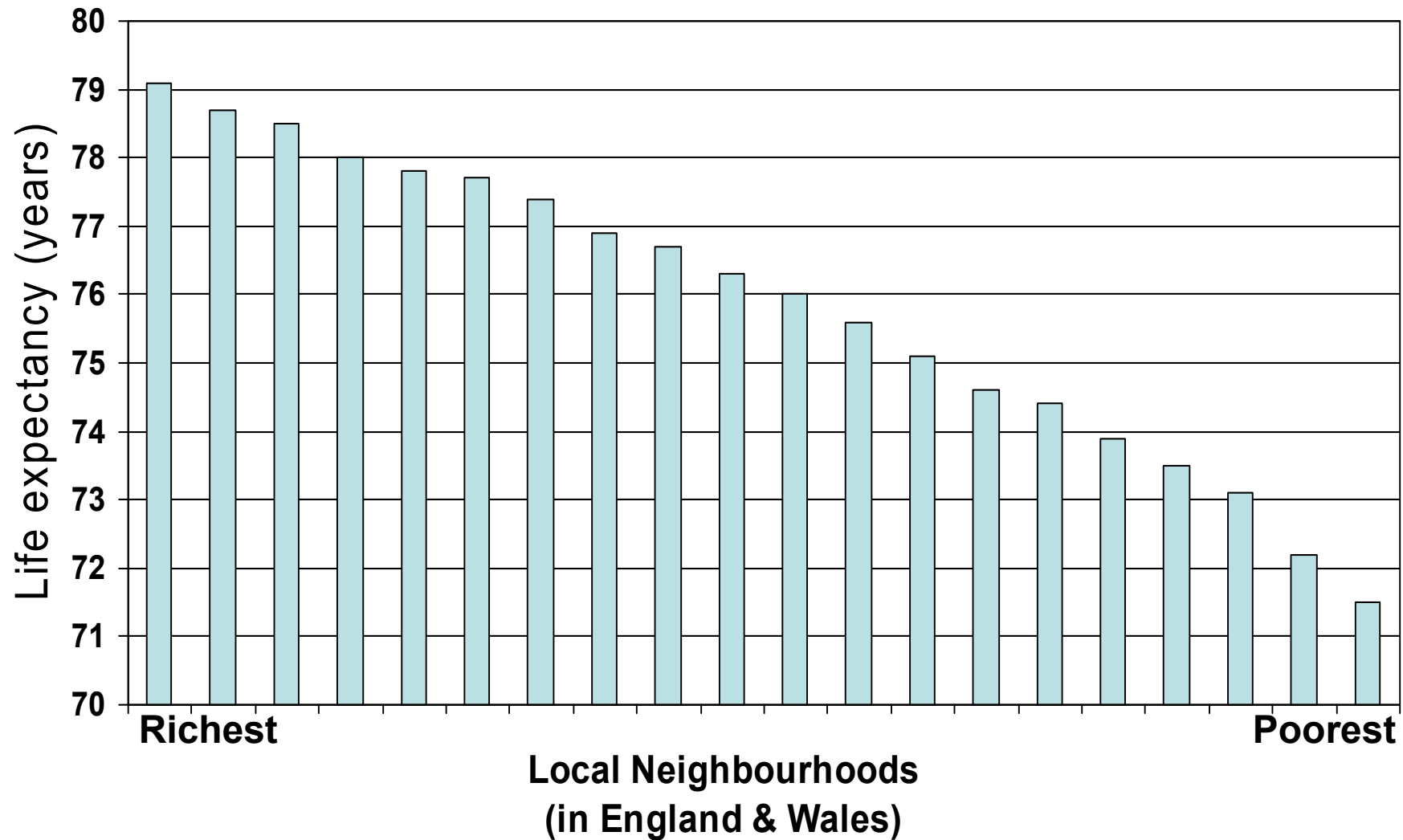
“Cross-country data show almost no relation between changes in life expectancy and economic growth over 10, 20, or 40-year time periods between 1960 and 2000. Many countries have shown remarkable improvements in health with little or no economic growth...”

Cutler D, Deaton A, Lleras-Muney A. The Determinants of Mortality. *J Economic Perspectives* 2006; 20: 97–120.

Life expectancy in rich countries is no longer related to National Income per head

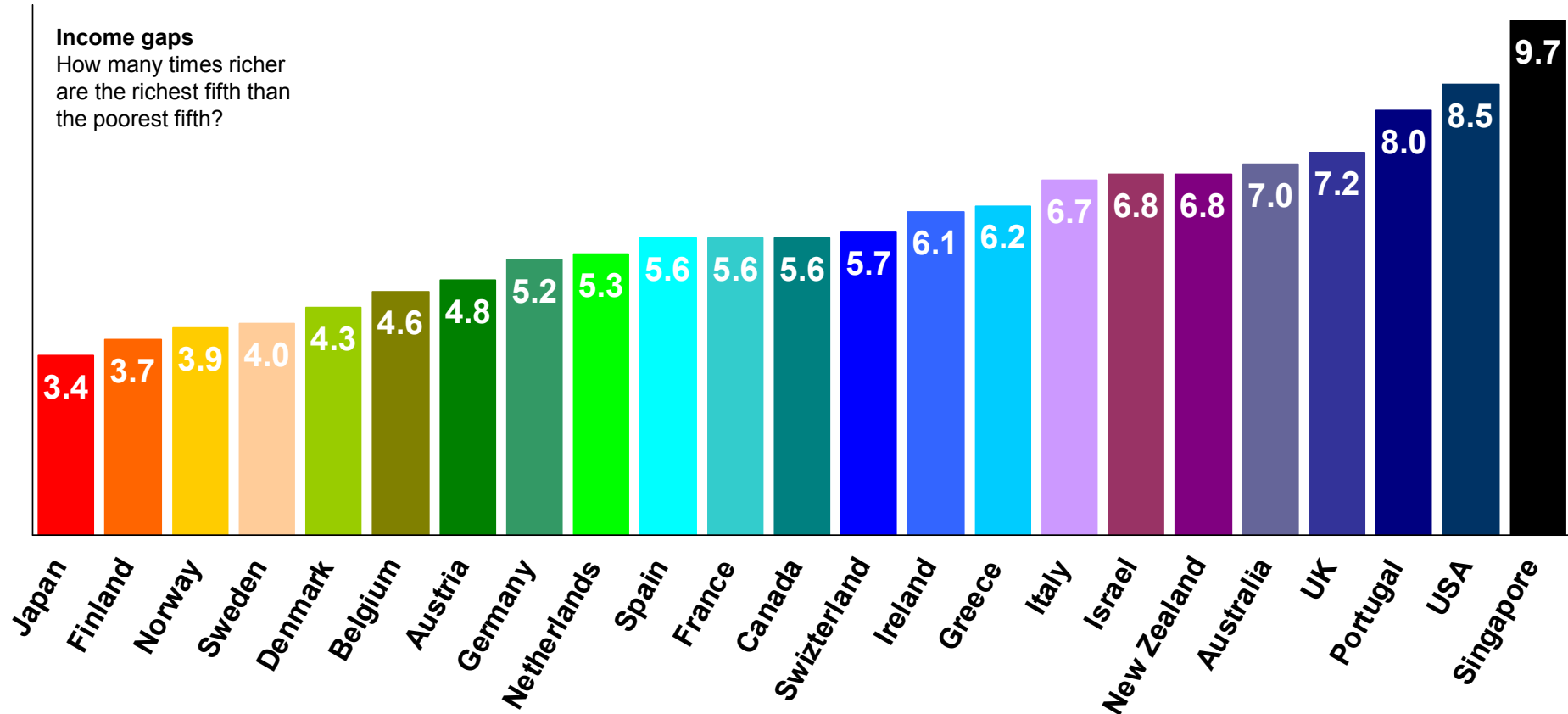


Life expectancy is strongly related to income within rich countries



Inequality...

How much richer are the richest 20% in each country than the poorest 20%?



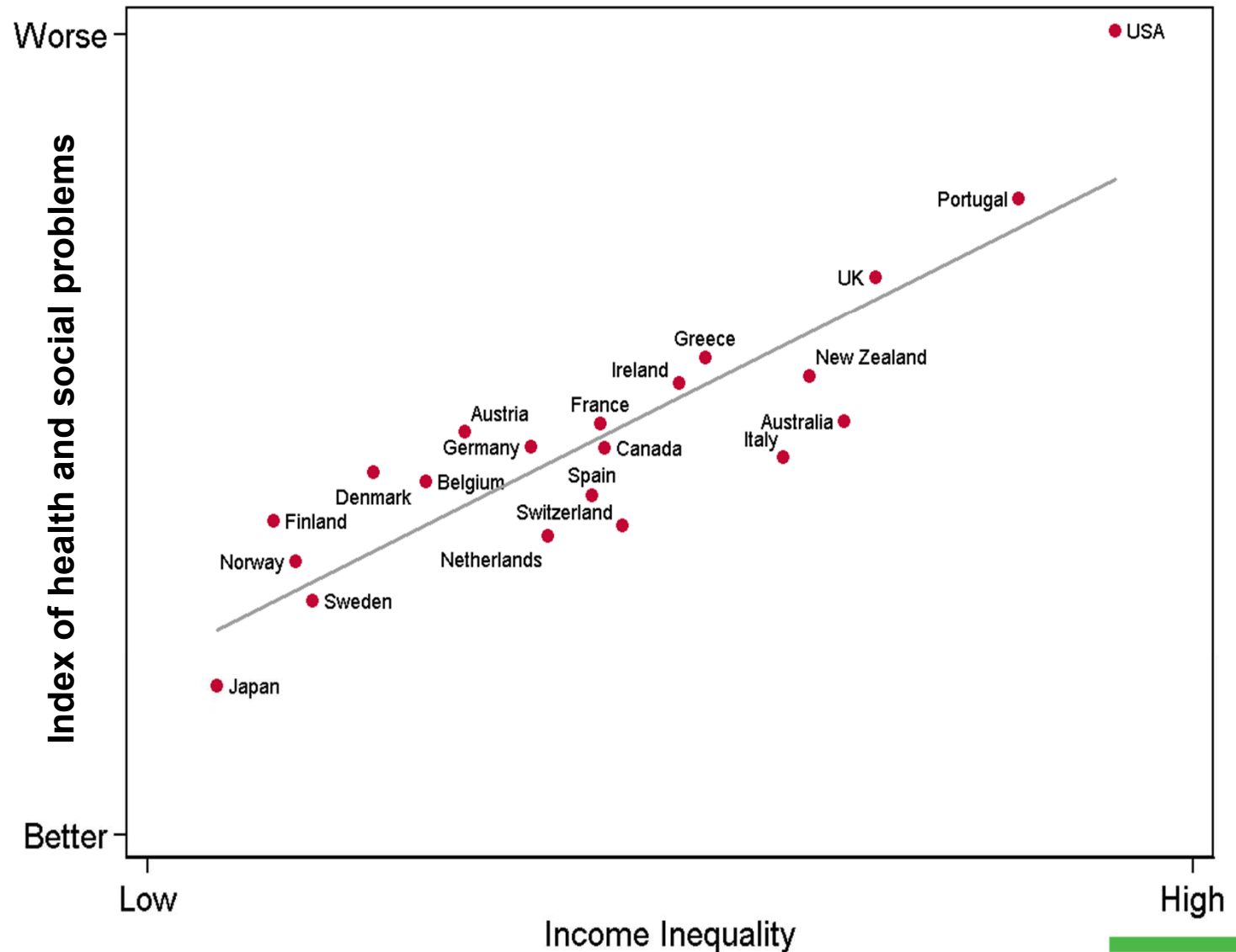
Health and social problems with social gradients and internationally comparable data

- **Life expectancy**
- **Math & Literacy**
- **Infant mortality**
- **Homicides**
- **Imprisonment**
- **Teenage births**
- **Trust**
- **Obesity**
- **Mental illness – incl. drug &
alcohol addiction**
- **Social mobility**

Health and social problems are worse in more unequal countries

Index of:

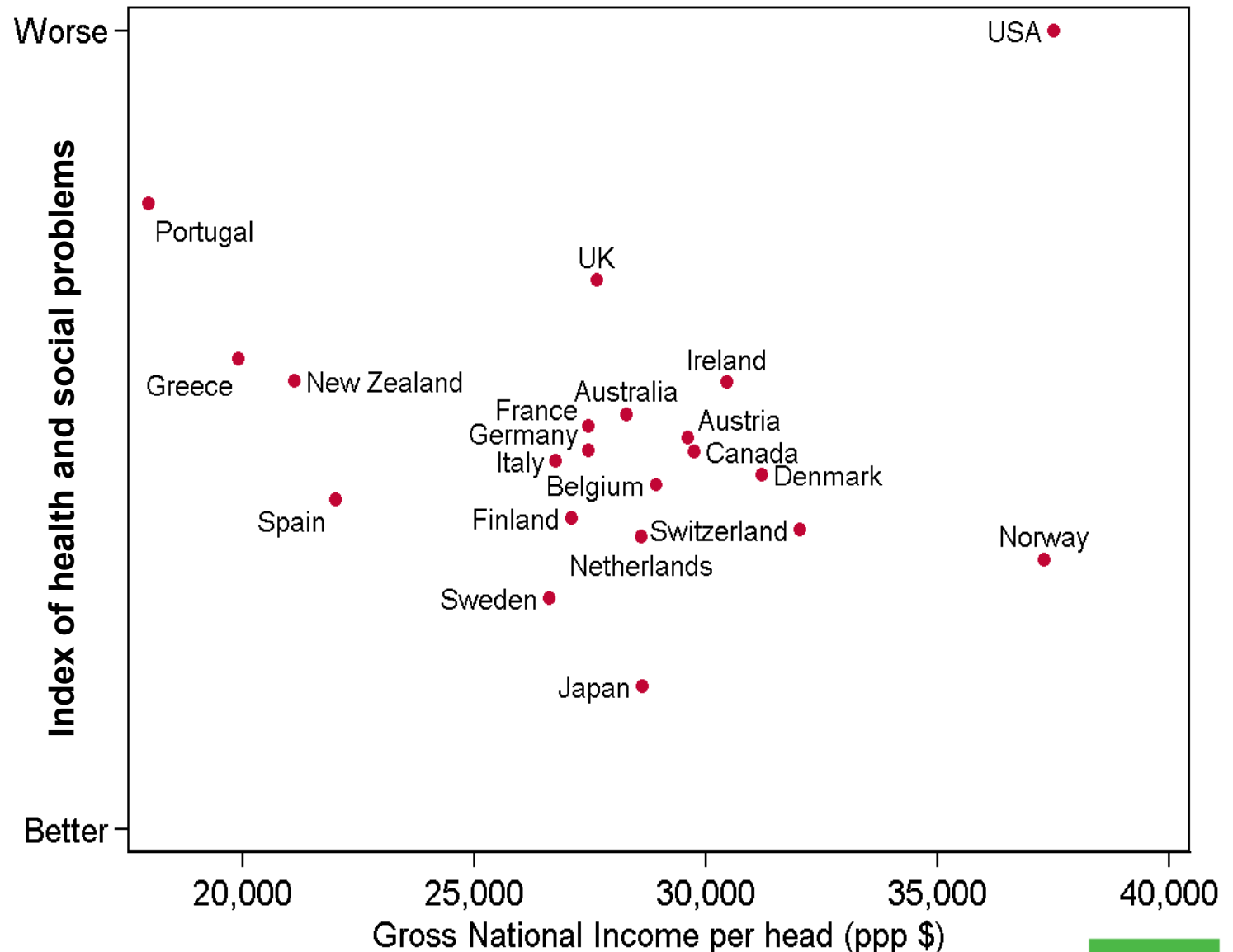
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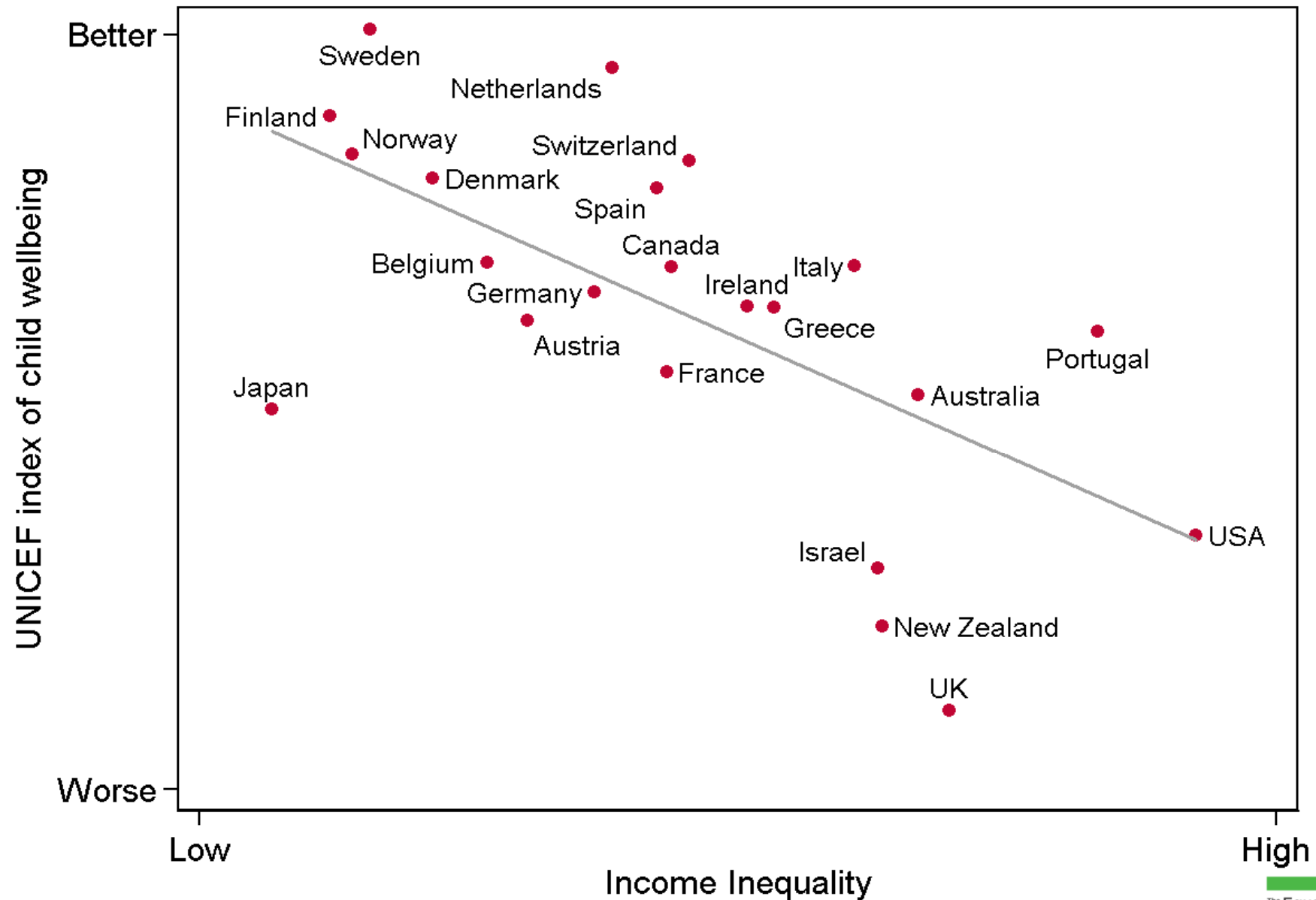
Neither health nor social problems are related to national income per head

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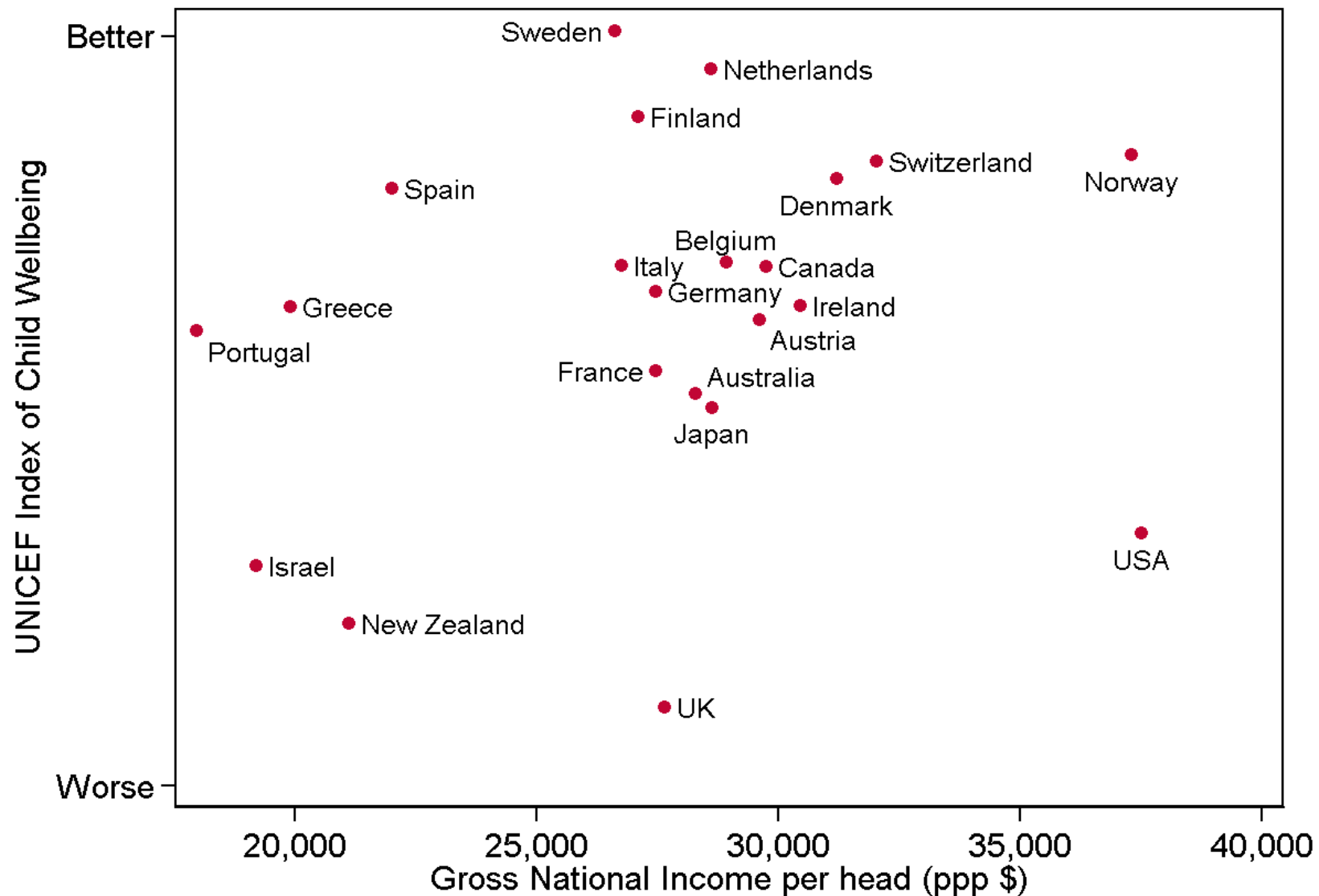
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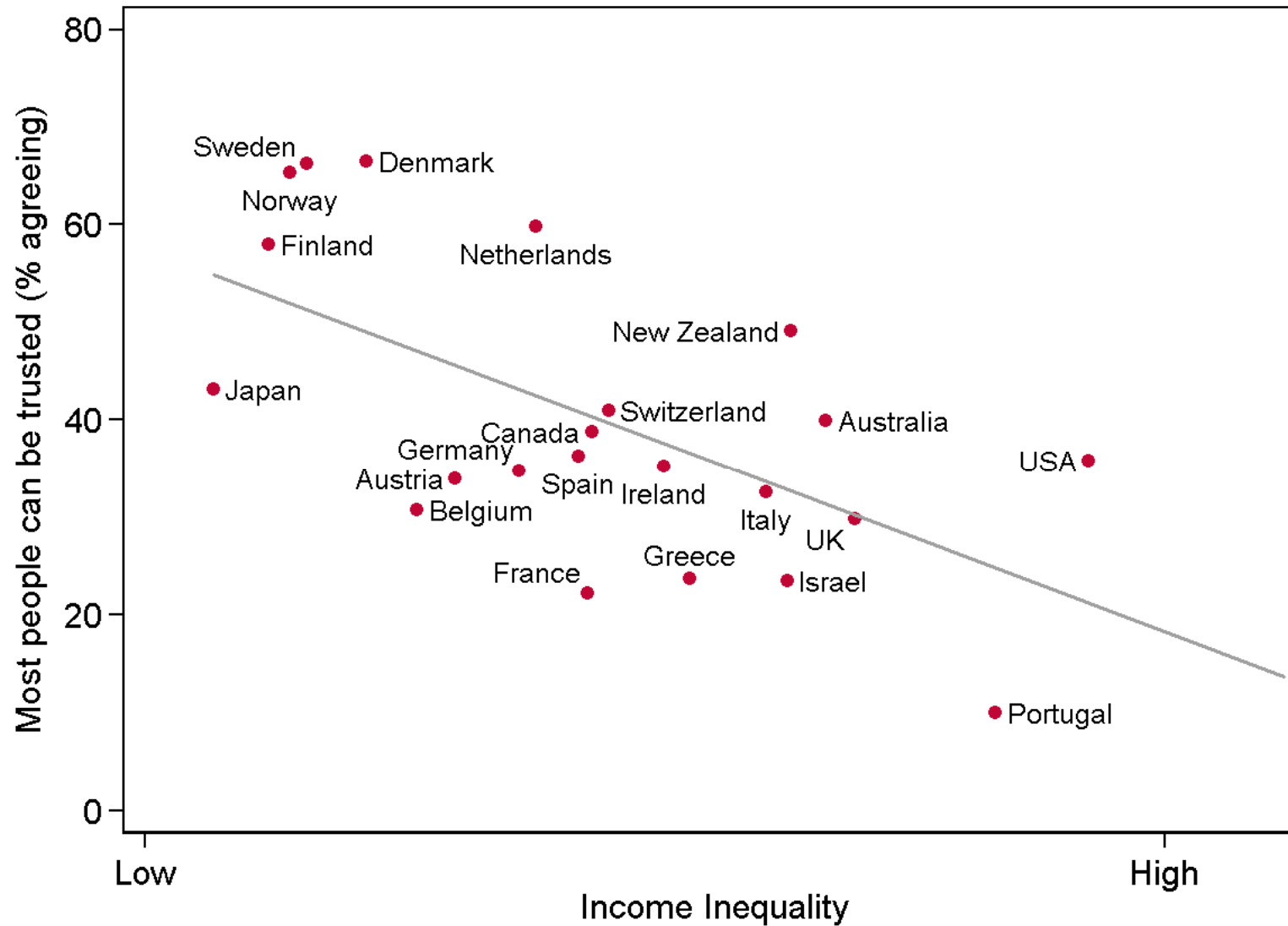
Child well-being is better in more equal countries



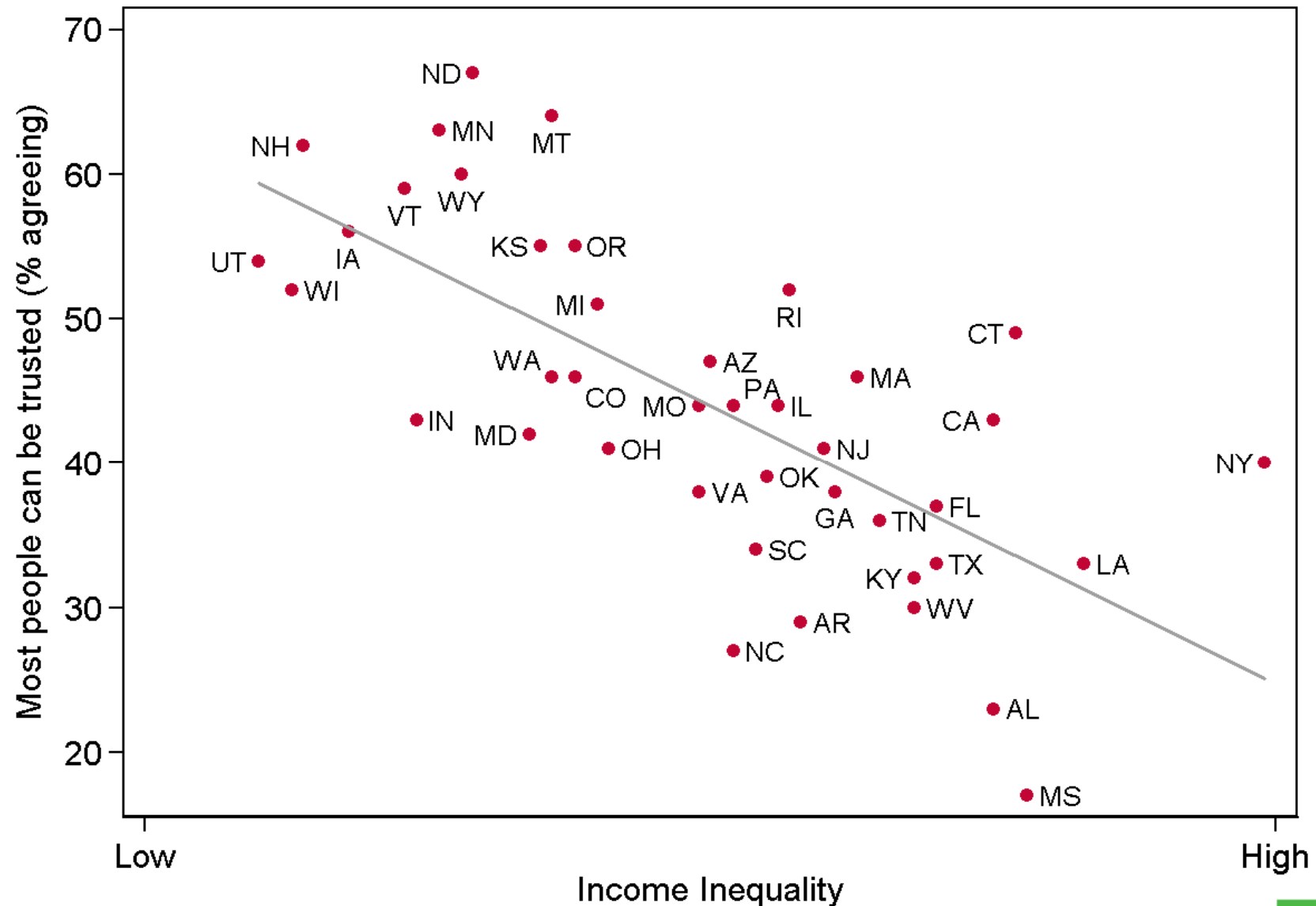
Child Wellbeing is not related to National Income per head



People in more unequal countries trust each other less



People in more unequal states of the USA trust each other less



Mental illness is more common in more unequal societies

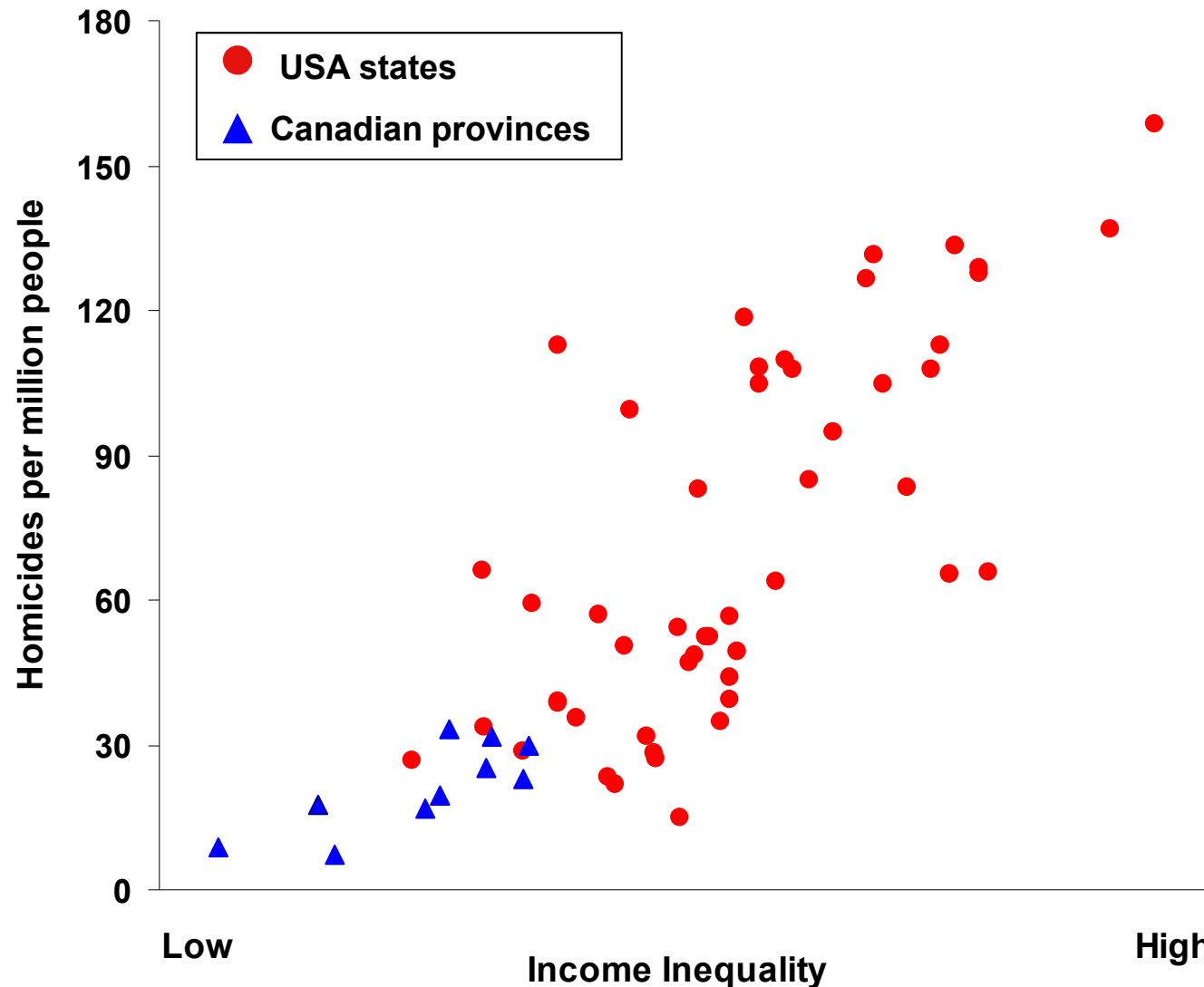


Infant Mortality Rates are Higher in More Unequal Countries

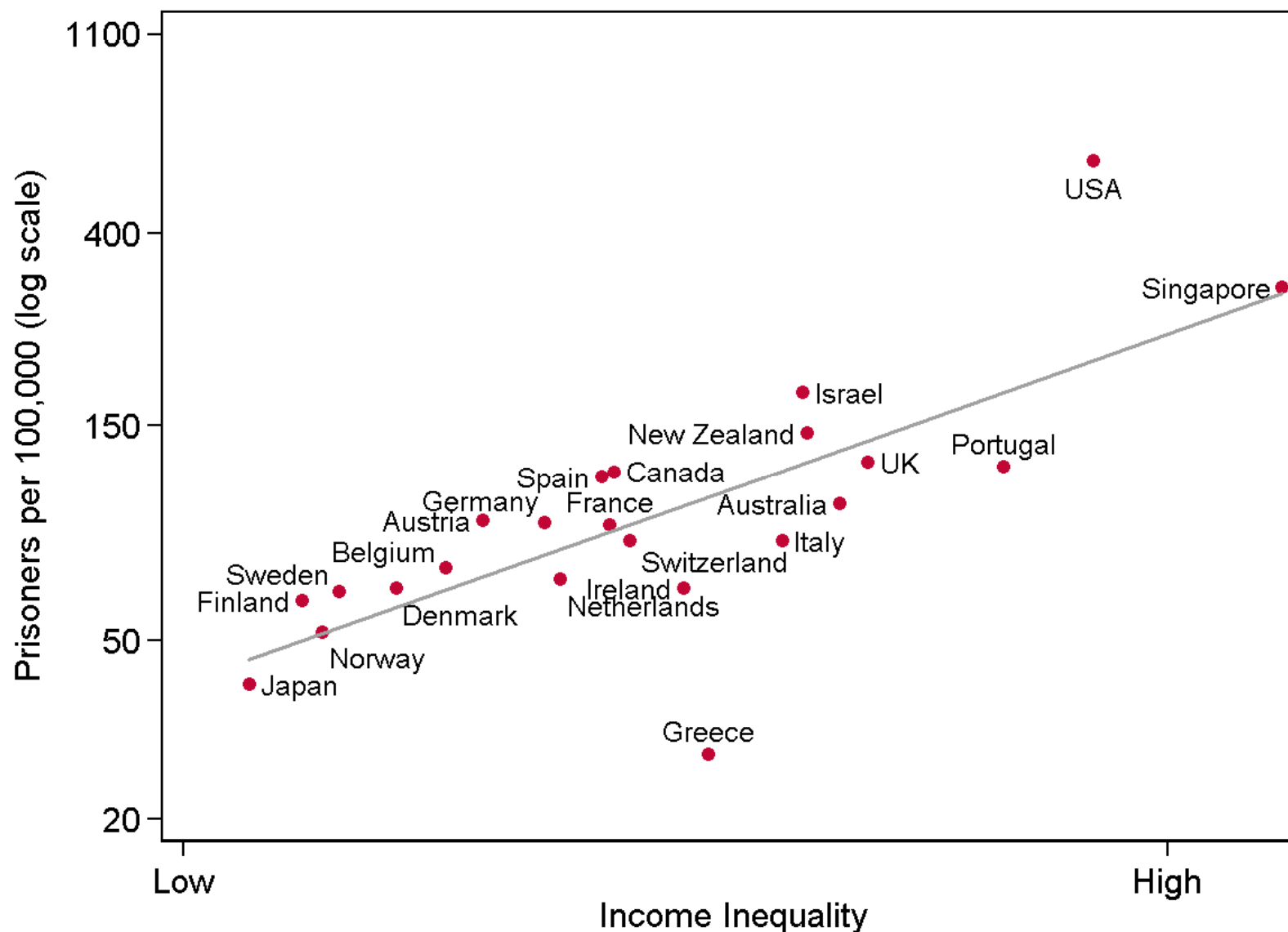


Source: Wilkinson & Pickett, *The Spirit Level* (2009)

Homicide rates are higher in more unequal US states and Canadian provinces



Imprisonment rates are higher in more unequal countries



Teenage Birth Rates are Higher in More Unequal Rich Countries

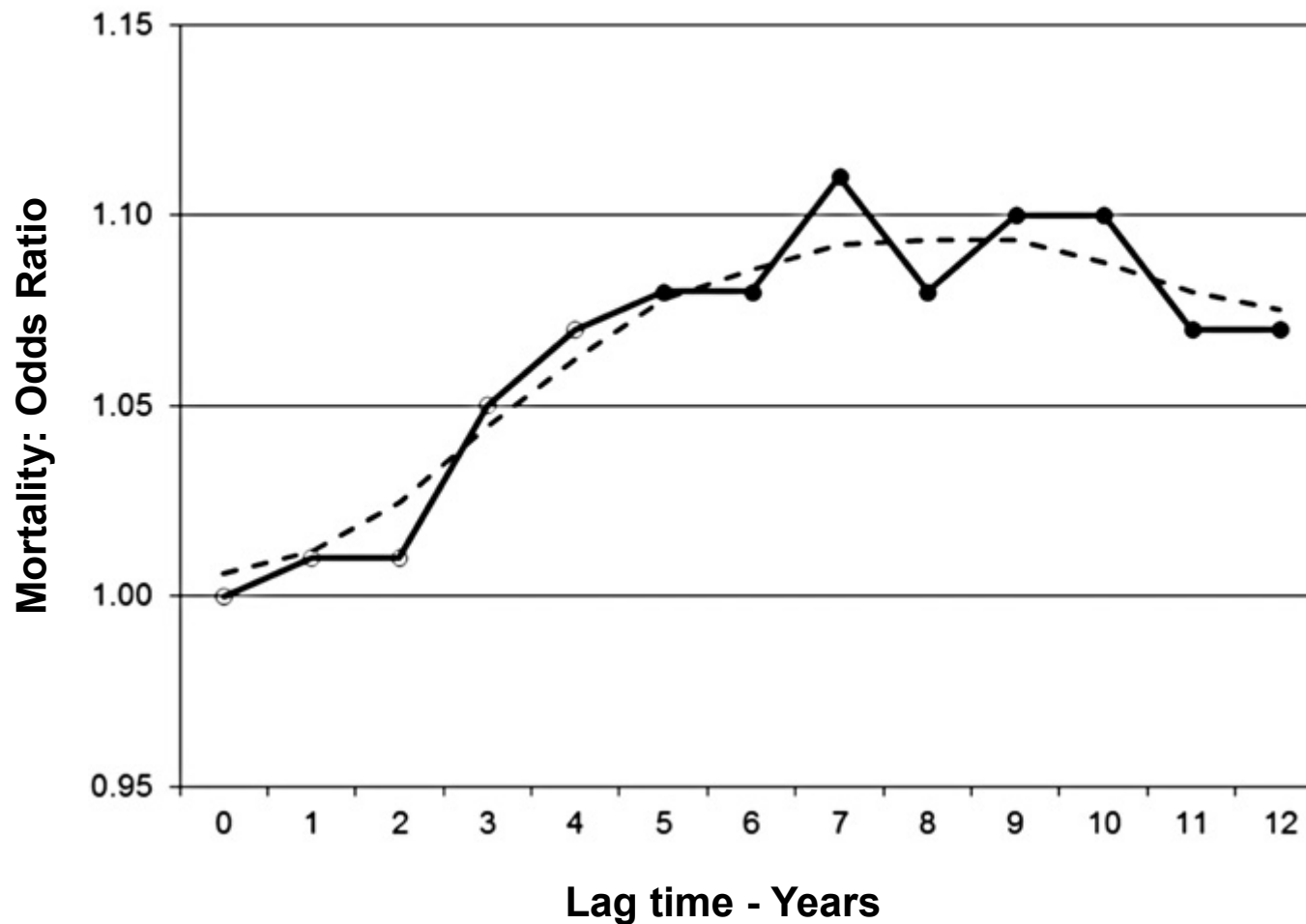


Source: Wilkinson & Pickett, *The Spirit Level* (2009)

Social mobility is lower in more unequal countries



Lag times: marginal impact of a 0.01-unit increase in the Gini on individual mortality risk over time

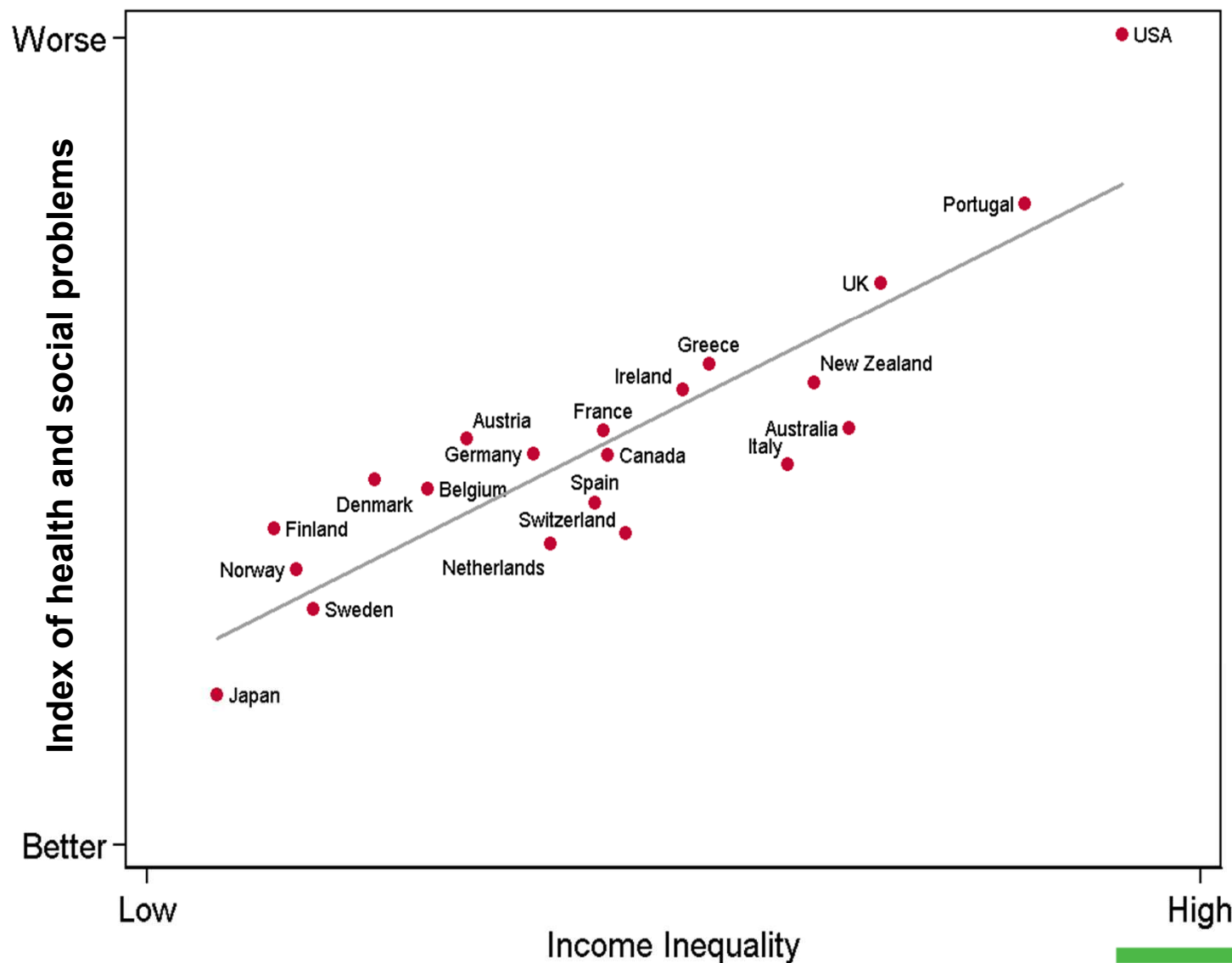


Zheng H. Social Science & Medicine 2012; 75: 36-45.

Health and social problems are worse in more unequal countries

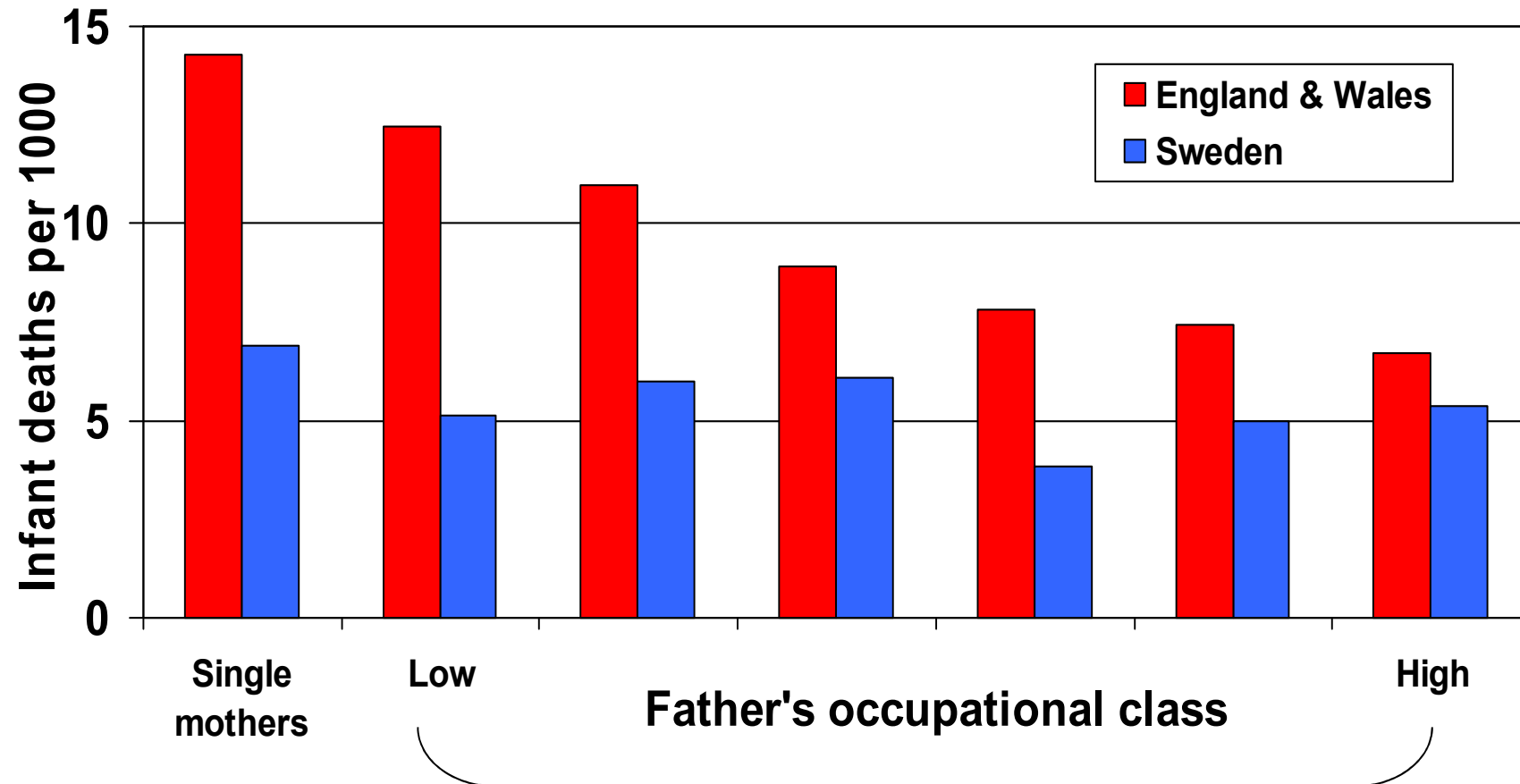
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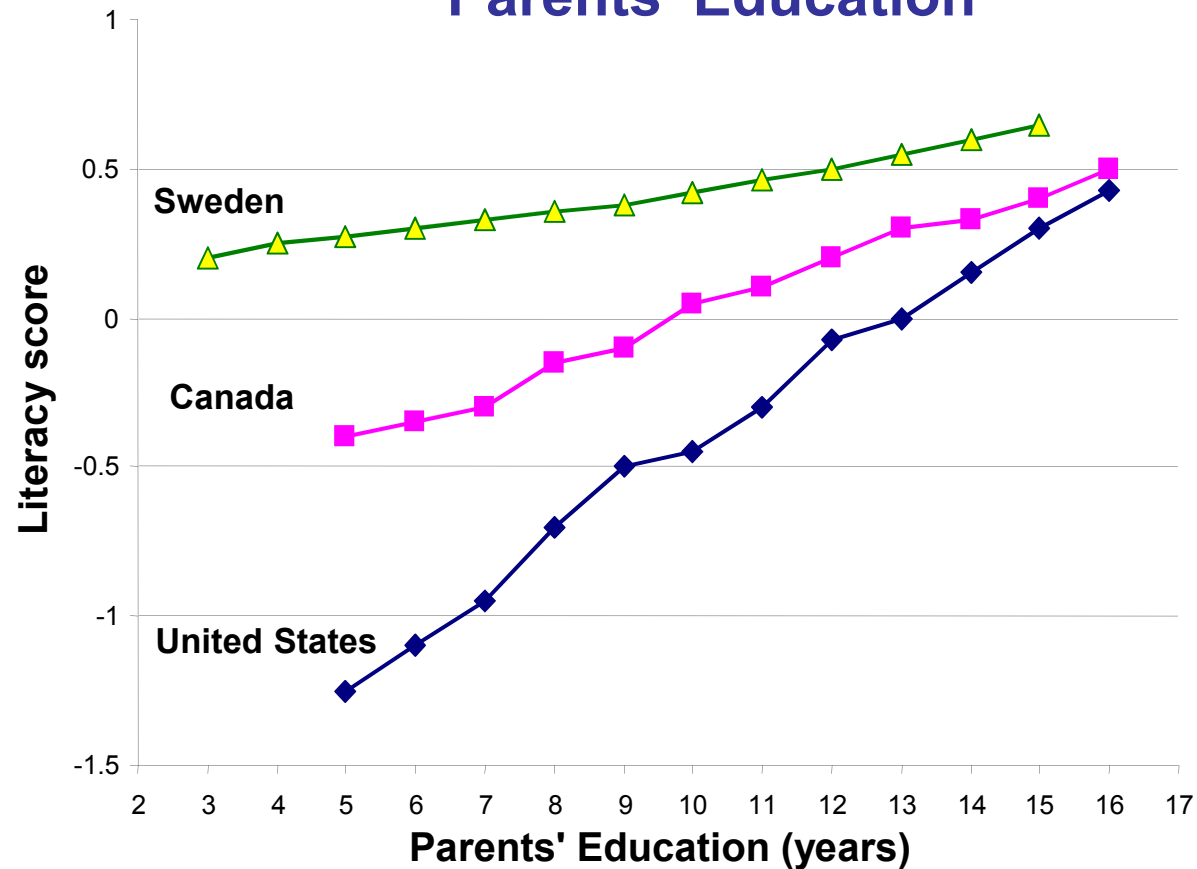
The benefits of greater equality are not confined to the poor but extend to all social classes

Infant mortality by class: Sweden compared with England & Wales



Leon, D. A., D. Vagero, et al. (1992). "Social class differences in infant mortality in Sweden: comparison with England and Wales." Brit Med J 305(6855): 687-91.

Literacy Scores of 16-25 year olds by Parents' Education



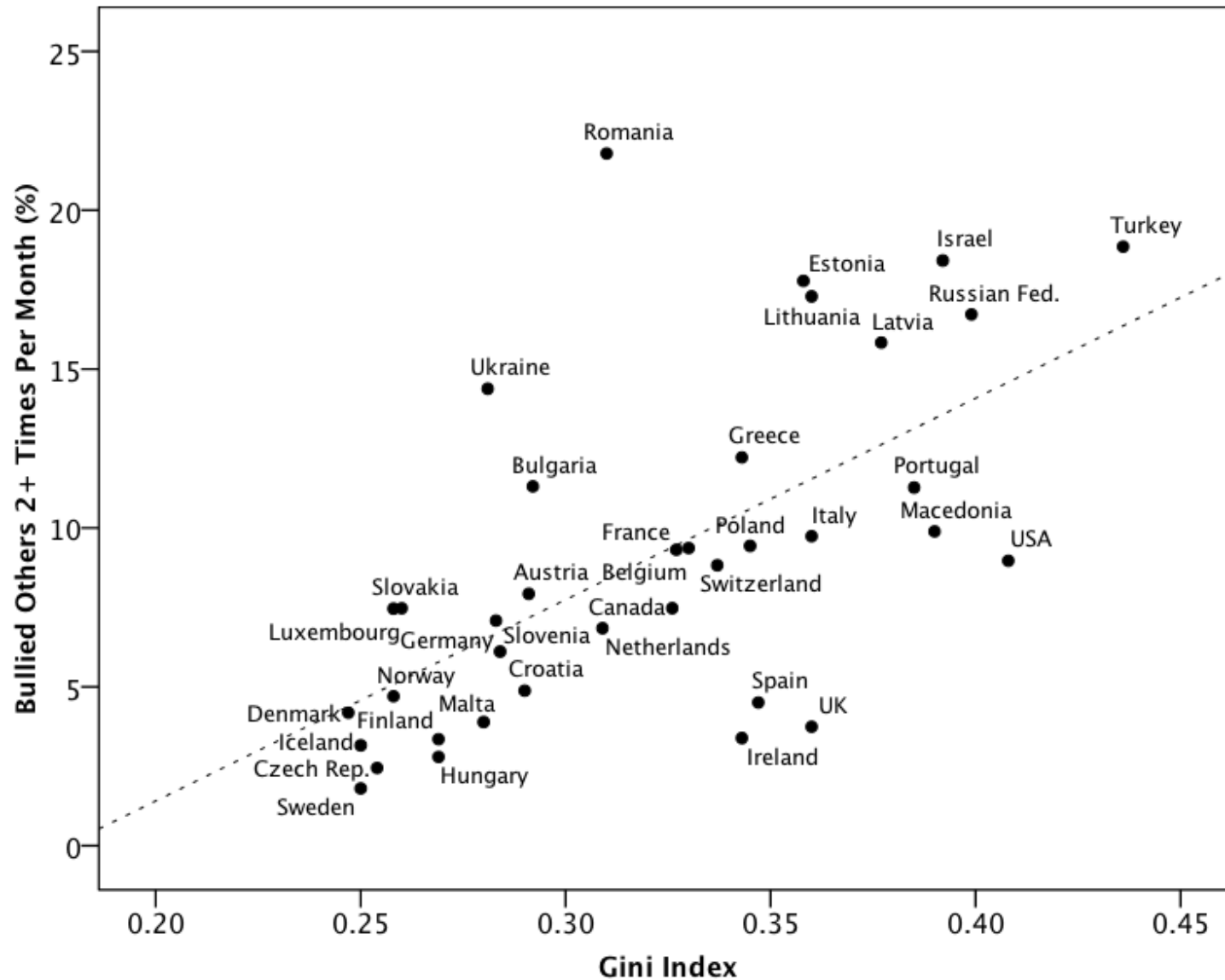
Source: Willms JD. 1997. Data from OECD Programme for International Student Assessment.

Income inequality

A naïve view: Inequality only matters if it creates poverty or if income differences seem unfair.

A more accurate view: Inequality brings out features of our evolved psychology to do with dominance and subordination, superiority and inferiority, which affect how we treat each other. Inequality increases status competition and status insecurity. It increases anxieties about self-worth, and intensifies worries about how we are seen and judged – whether as attractive or unattractive, interesting or boring etc...

Income inequality & bullying in 37 countries

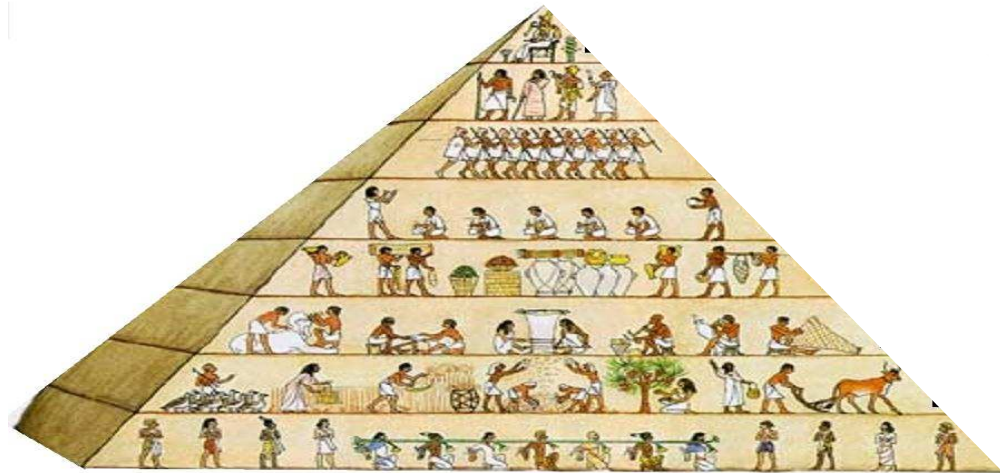
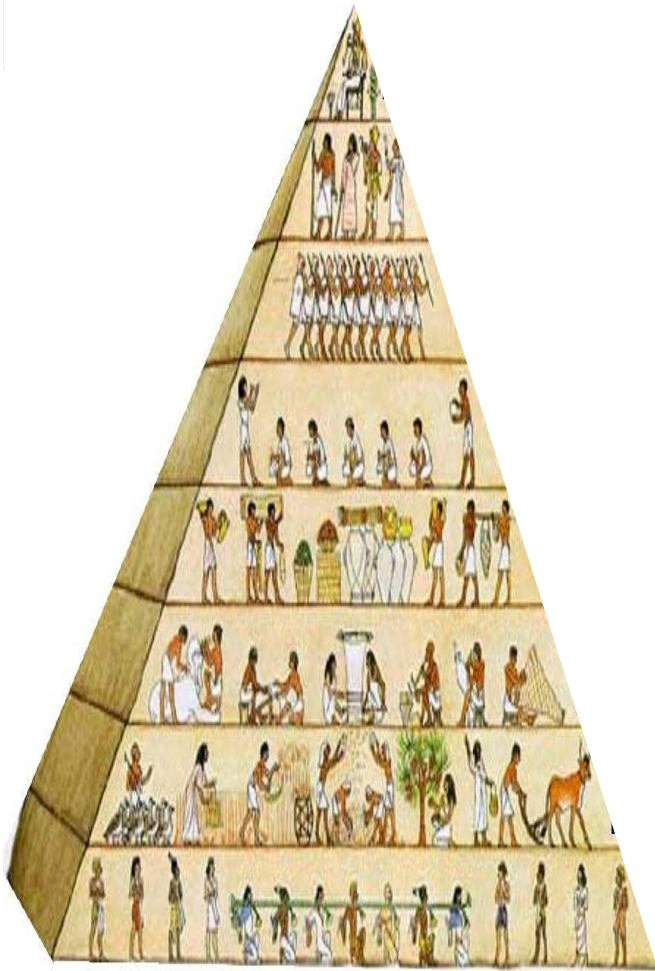


Elgar FJ, Craig W, Boyce W, Morgan A, Vella-Zarb R. Income Inequality and School Bullying: Multilevel Study of Adolescents in 37 Countries. *J. Adolescent Health* 2009; 45(4): 351-359 .

Income differences increase social class differentiation

Bigger income differences:-

- **Class becomes more important**
- **The social pyramid is higher and more hierarchical**
- **The quality of social relations deteriorates**



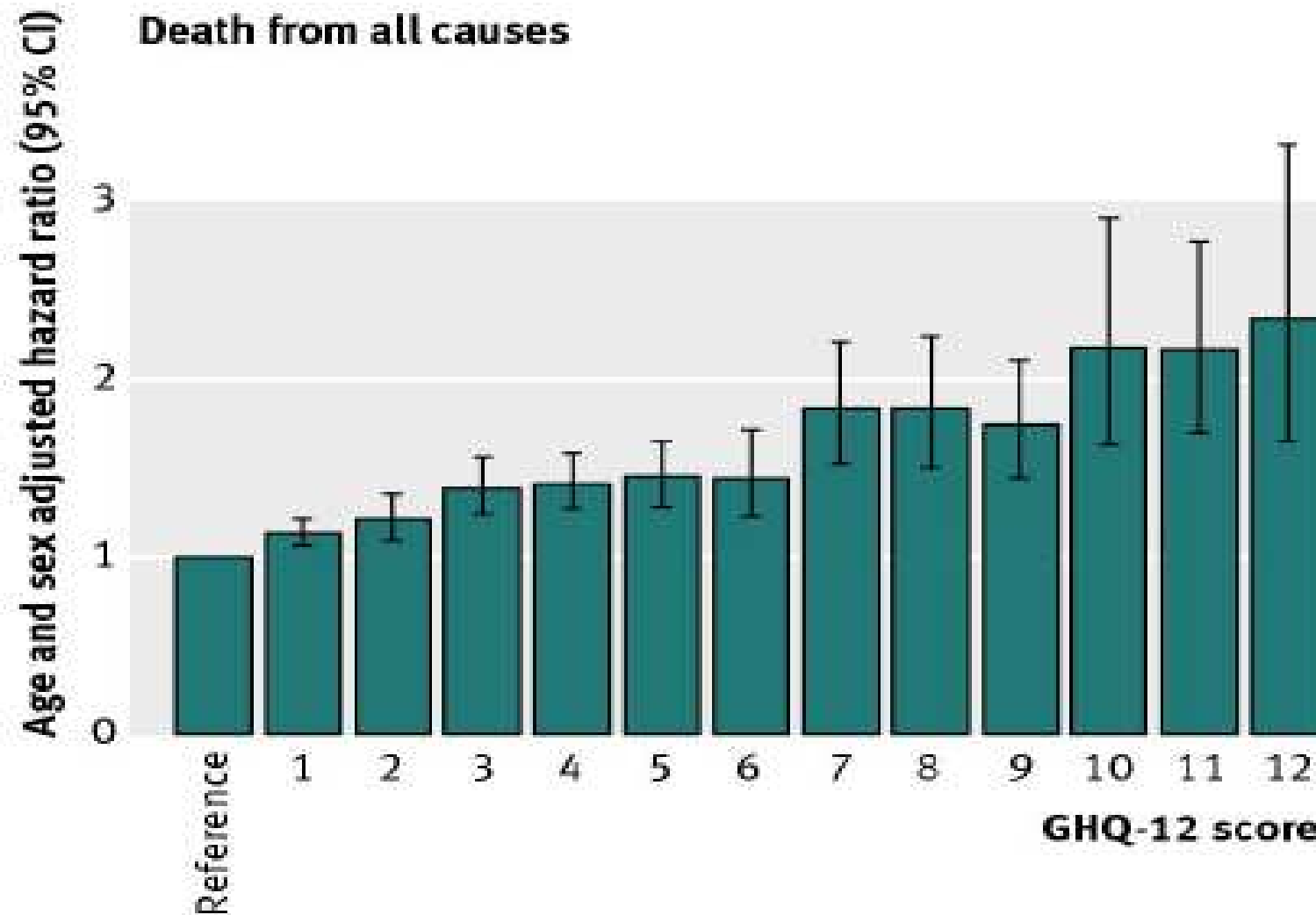
**More
inequality**

Valued or Devalued?

- More superiority and inferiority
- More status competition and consumerism
 - More status insecurity

- More worry about how we are seen and judged
- More “social evaluation anxiety” (threats to self-esteem & social status, fear of negative judgements)

Even low levels of stress raise death rates

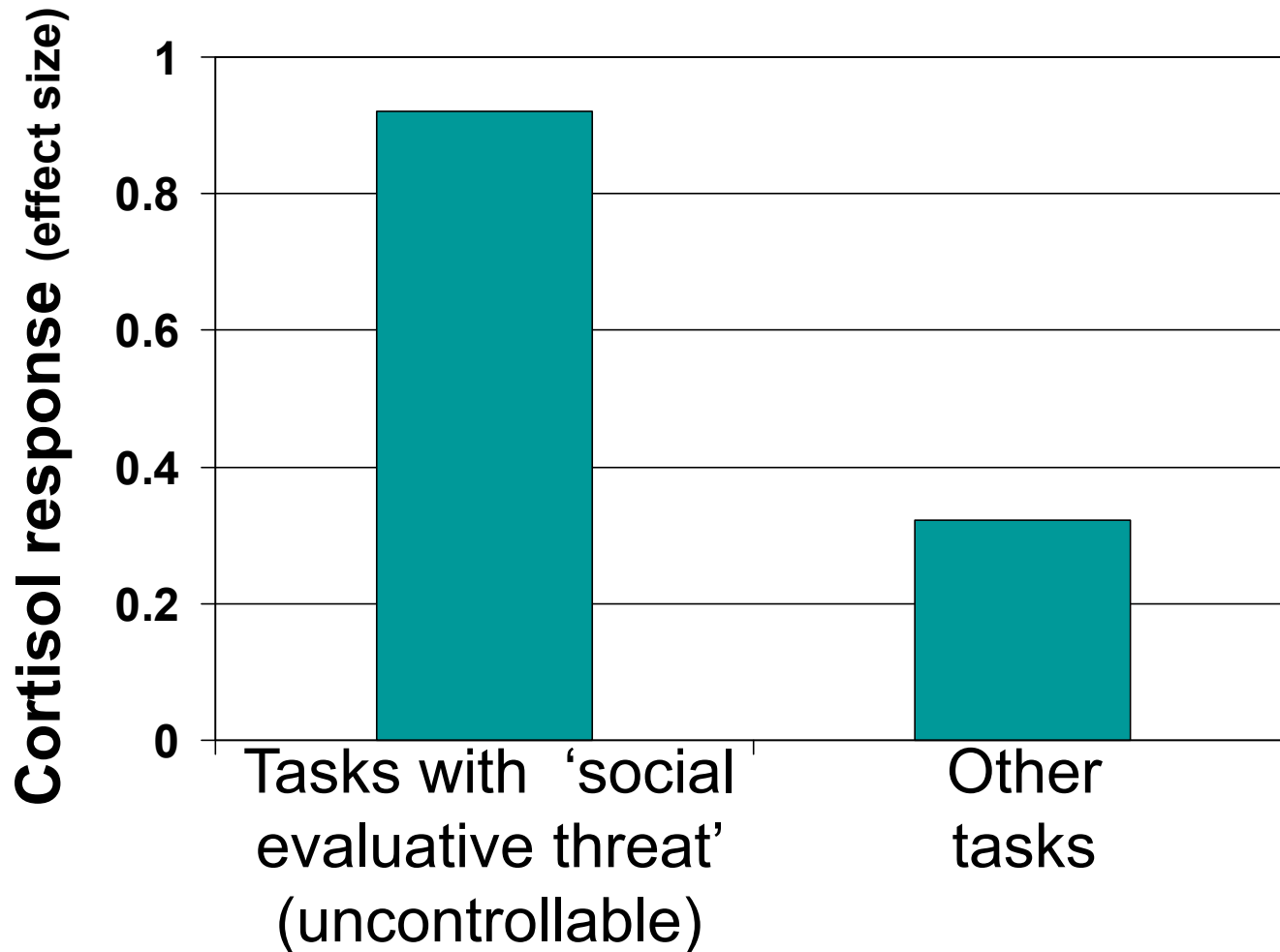


Russ TC, Stamatakis E, Hamer M, Starr JM, Kivimäki M, Batty GD. Association between psychological distress and mortality: pooled analysis of 10 prospective cohort studies. *BMJ* 2012; 345: e4933.

Psychosocial risk factors for ill health

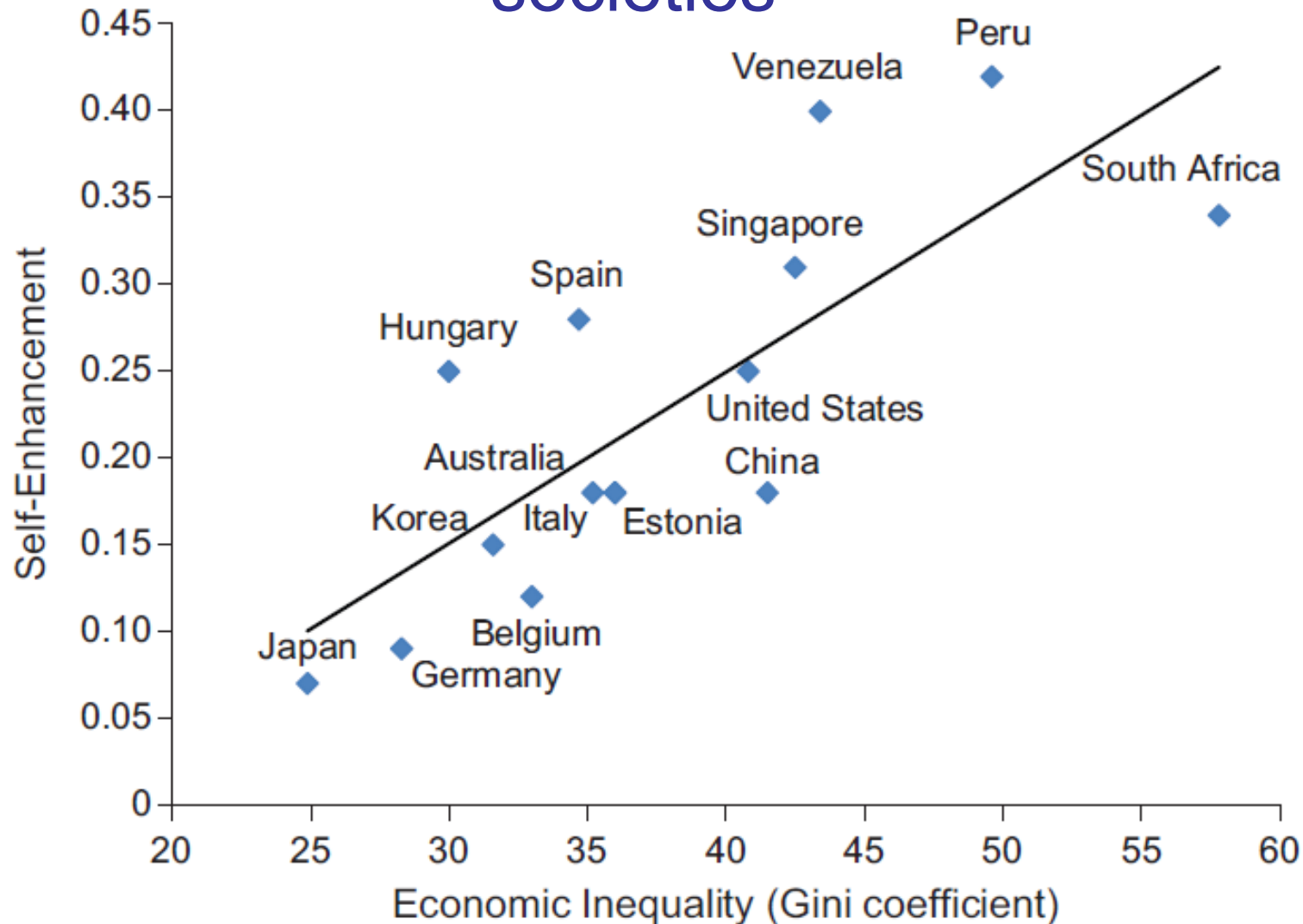
- **Low social status**
- **Weak social connections**
- **Stress in early life (pre- and postnatally)**

What kind of stressful tasks raise stress hormones most?



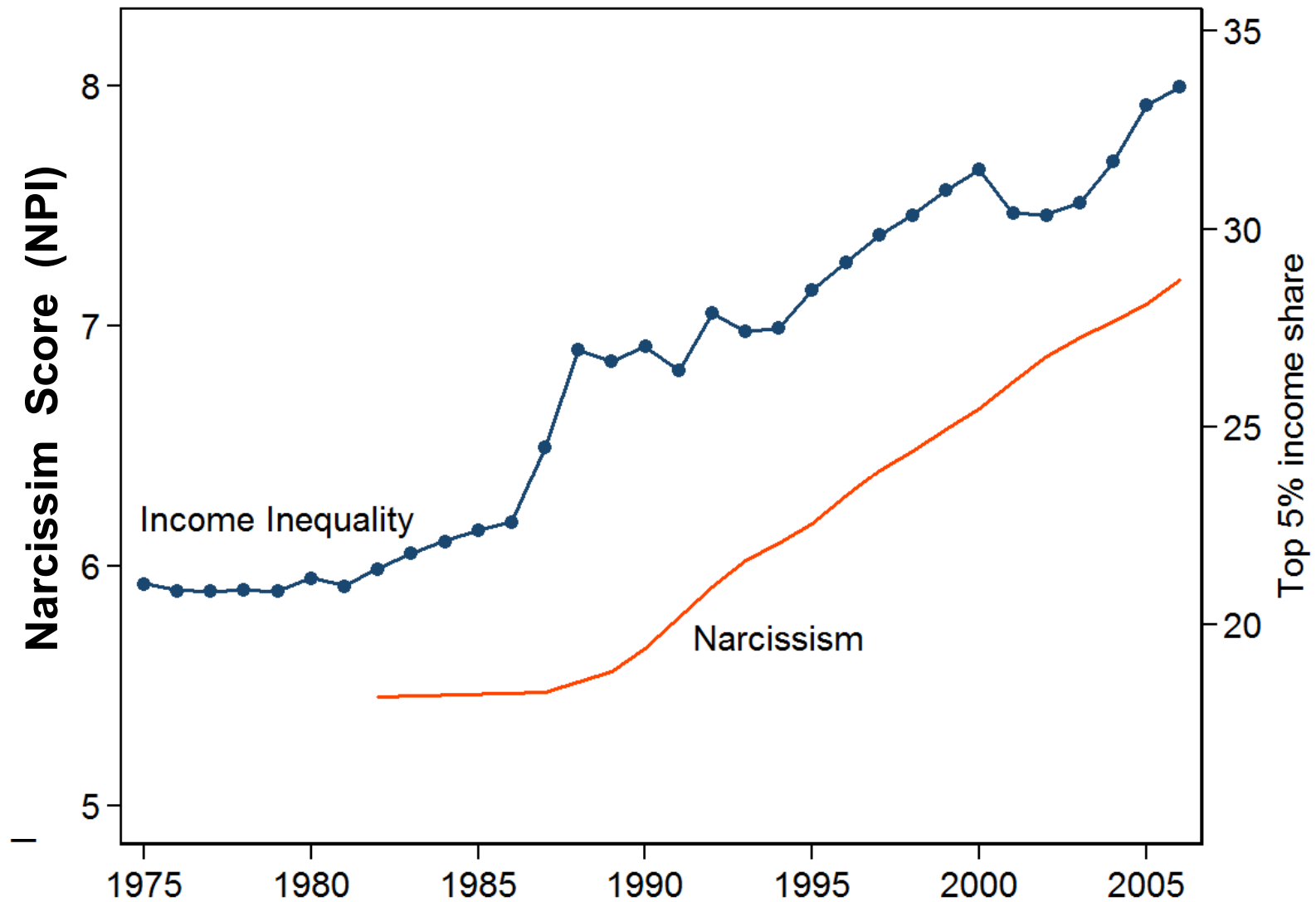
Dickerson SS, Kemeny ME. Acute stressors and cortisol responses. *Psychological Bulletin* 2004; 130(3): 355-91.

Self enhancement increases in more unequal societies



Loughnan S, et al. Economic Inequality is linked to biased self-perception.
Psychological Science, 2011; 22: 1254

Rising Narcissism & Income Inequality in the USA



Inequality data from World Top Incomes Database
Narcissism data from Twenge JM, et al., Journal of Personality 2008; 76(4): 875-901.

What can be done?

Income differences before tax

- Stronger Trade Unions
- Increase company democracy - employee ownership etc
- Promote more directors from within companies

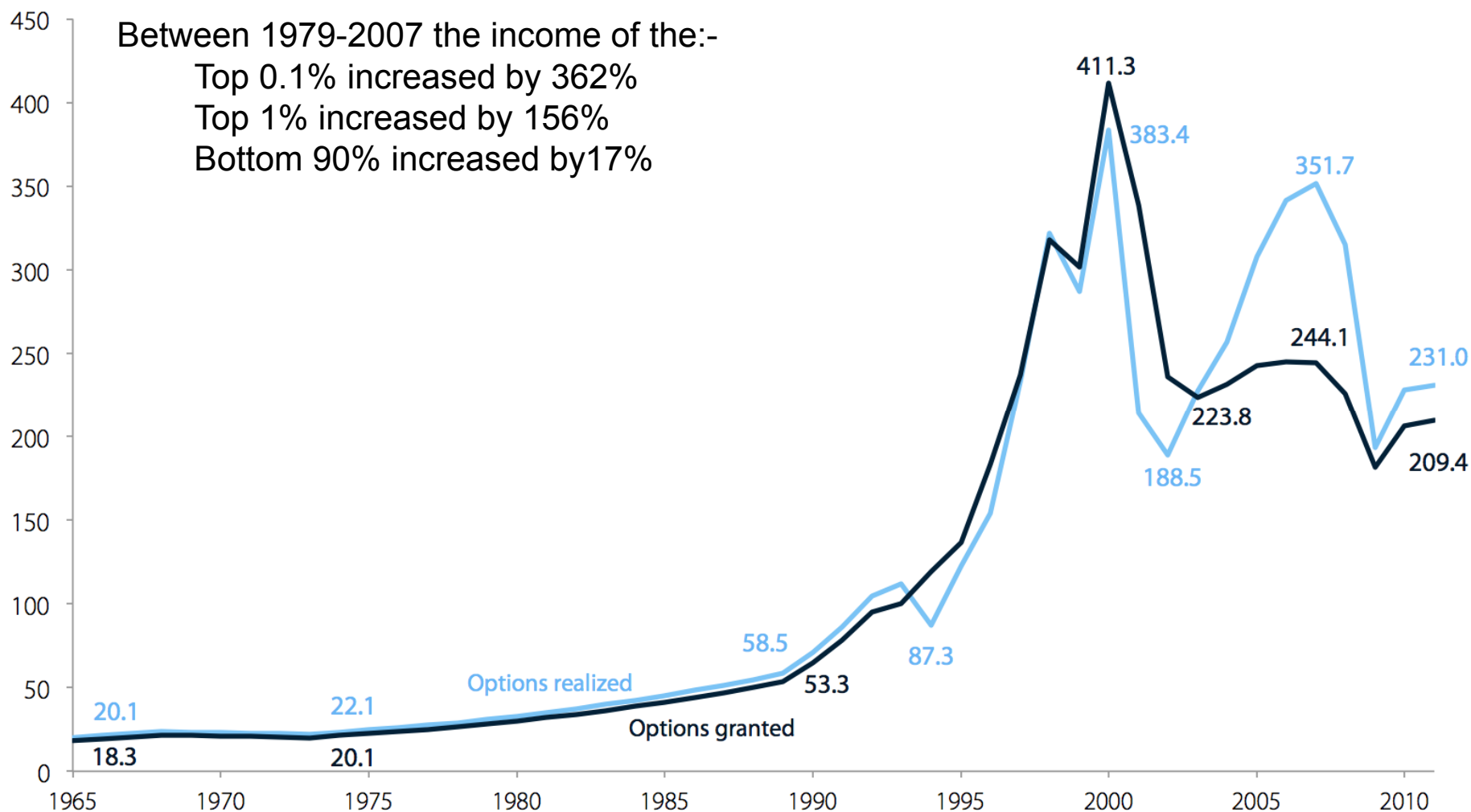


Taxes & benefits

- Stop tax avoidance
- End tax havens
- Make taxation progressive again

**Sustainability needs
greater equality**

Changing ratio of CEO pay to average pay of production & non-supervisory workers in top 350 US companies

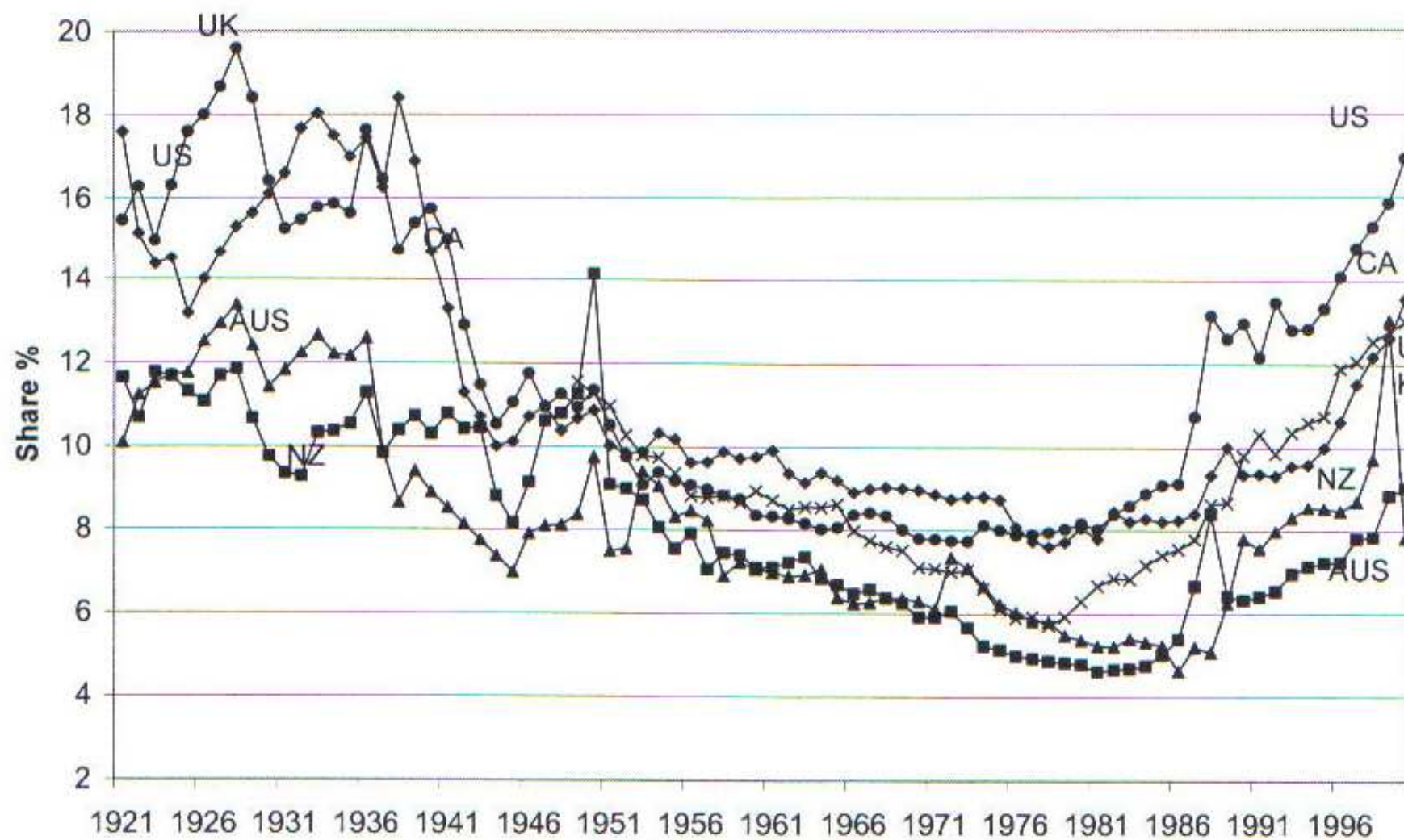


What should they earn?

British Social Attitudes Survey 2010

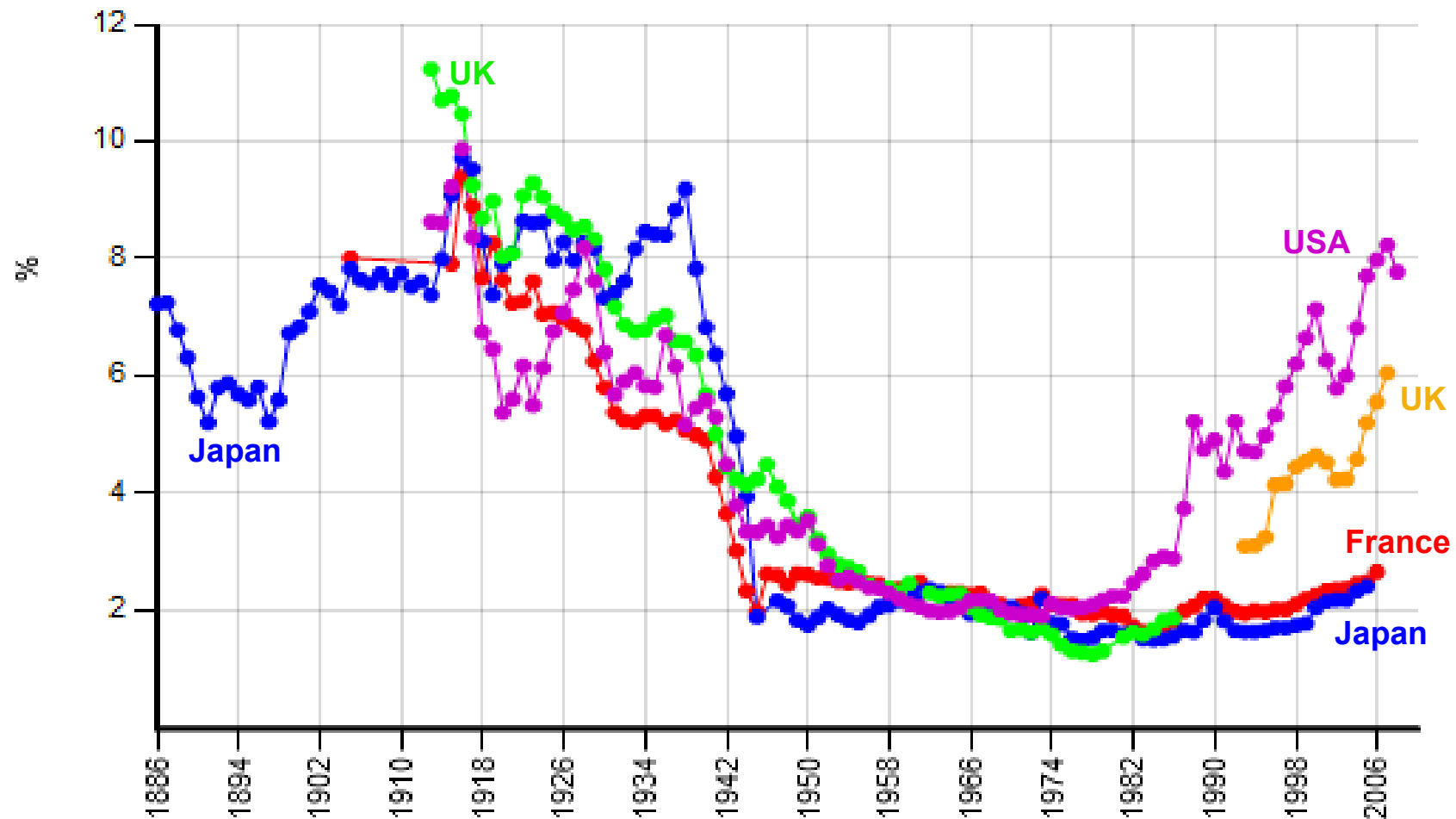
Chairman of large national company	£100,000
Cabinet Minister	£60,000
Unskilled Factory Worker	£16,000
Shop Assistant	£16,000
 Ratio top to bottom	 1 : 6.25

Income share of richest 1% in Anglo-Saxon countries 1921-2002



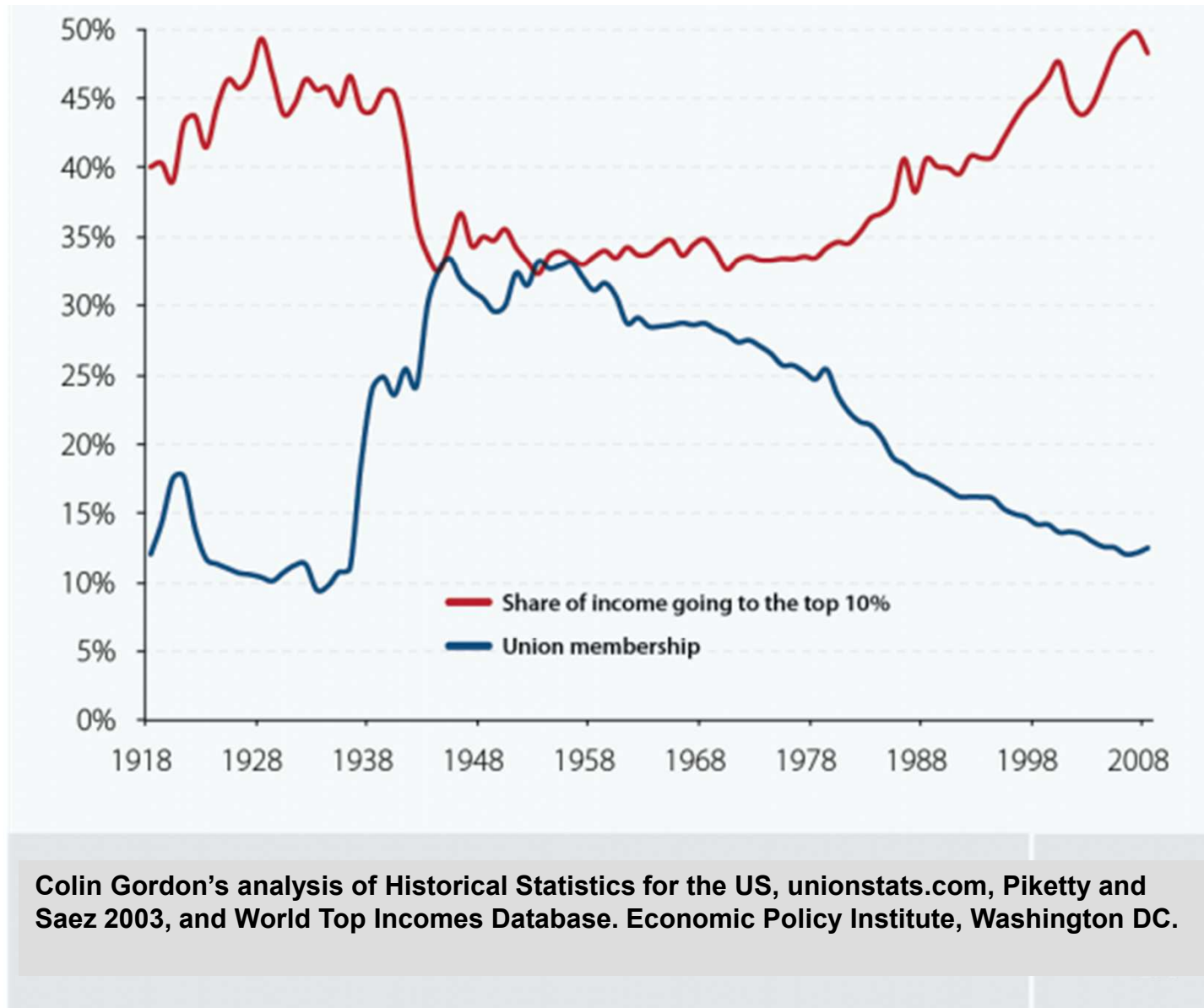
Source: Atkinson AB, Leigh A. (2004) Understanding the Distribution of Top Incomes in Anglo-Saxon Countries over the Twentieth Century

Share of income going to top 0.1% (1886-2010)

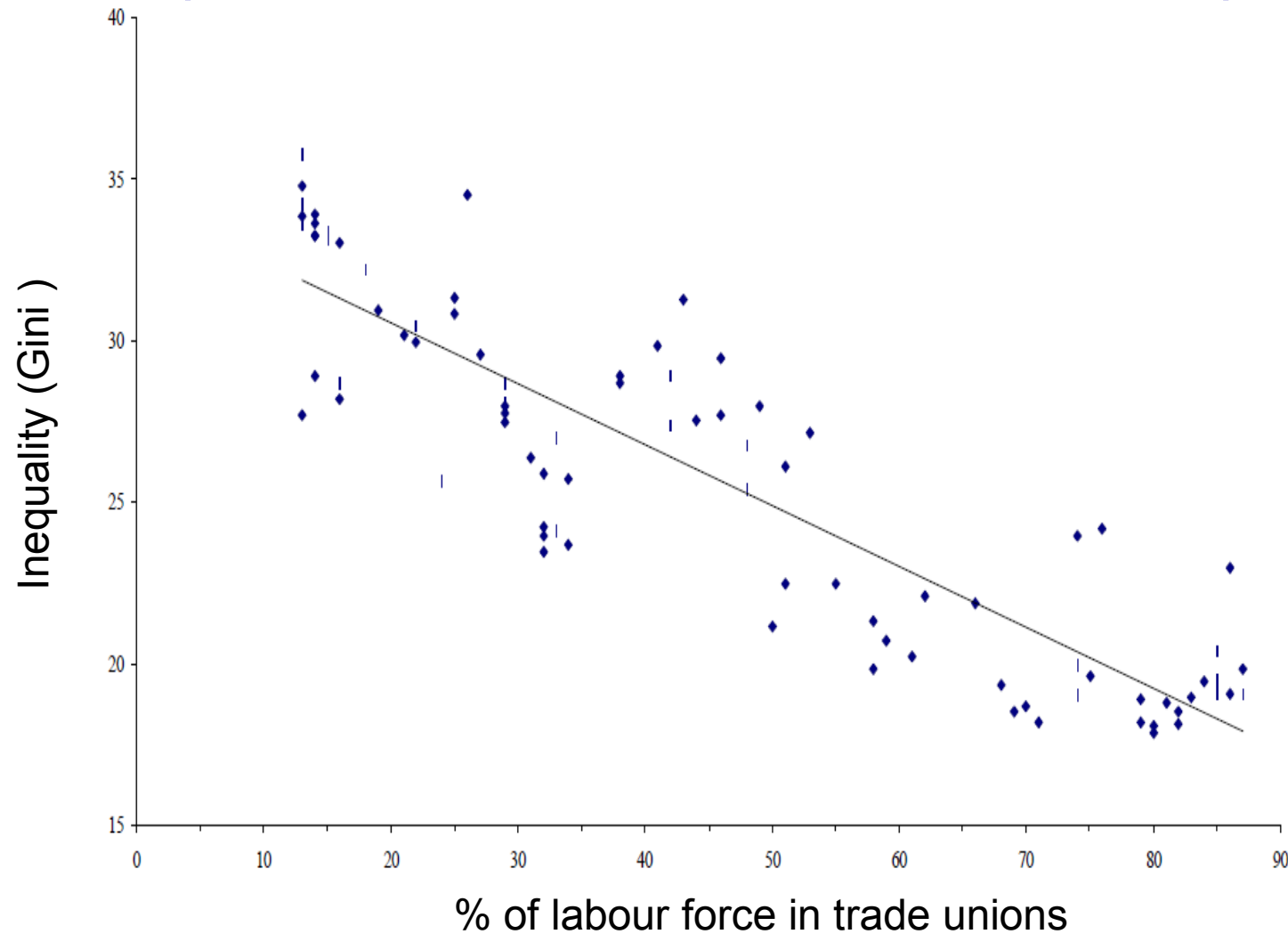


The World Top Incomes Database
Facundo Alvaredo, Tony Atkinson, Thomas Piketty, Emmanuel Saez
<http://q-mond.parisschoolofeconomics.eu/topincomes>

Trade Unions membership (% workforce) and Share of Income going to top 10% (USA, 1918-2008)



Countries with stronger Trade Unions are less unequal (data for 16 OECD countries 1966-1994)



Gustafsson B, Johansson M. In search for a smoking gun: what makes income inequality vary over time in different countries? LIS Working Paper 172; 1997.

Extending democracy into economic life has to be our central objective.

Companies make goods and services but must cease to be systems for creating huge undemocratic concentrations of wealth and power. Those are independent functions!

- **Economic democracy turns companies from being pieces of property into communities**
- **More democratic companies have much smaller pay differences**
- **They transform the experience of work – sense of purpose, self-worth, valued contribution**
- **Employee buyouts redistribute wealth and reduce unearned income**
- **Boards can include community and consumer representative as well as employees**
- **More democratic companies have higher productivity**

TUC pamphlet, *Workers on Board*, on employee representation.

In 1960s most shares were owned by individuals with a longer term interest in a few companies. But...

**Introduction from TUC Gen Sec Frances O'Grady:
*“UK institutional investors... spread their investments across hundreds, if not thousands of companies, increasingly relying on short-term share trading to generated gains.”***

Pamphlet author Janet Williamson: *“the shareholders of a large listed company will number in the thousands (or) tens of thousands. ...it can be difficult for a company even to get full information on who owns their shares.”*



The voice of co-owned business



COOPERATIVA ITALIA
L'IMPRESA IN ARMONIA
CON IL FUTURO



2012
International
Year of

Cooperatives

ARUP



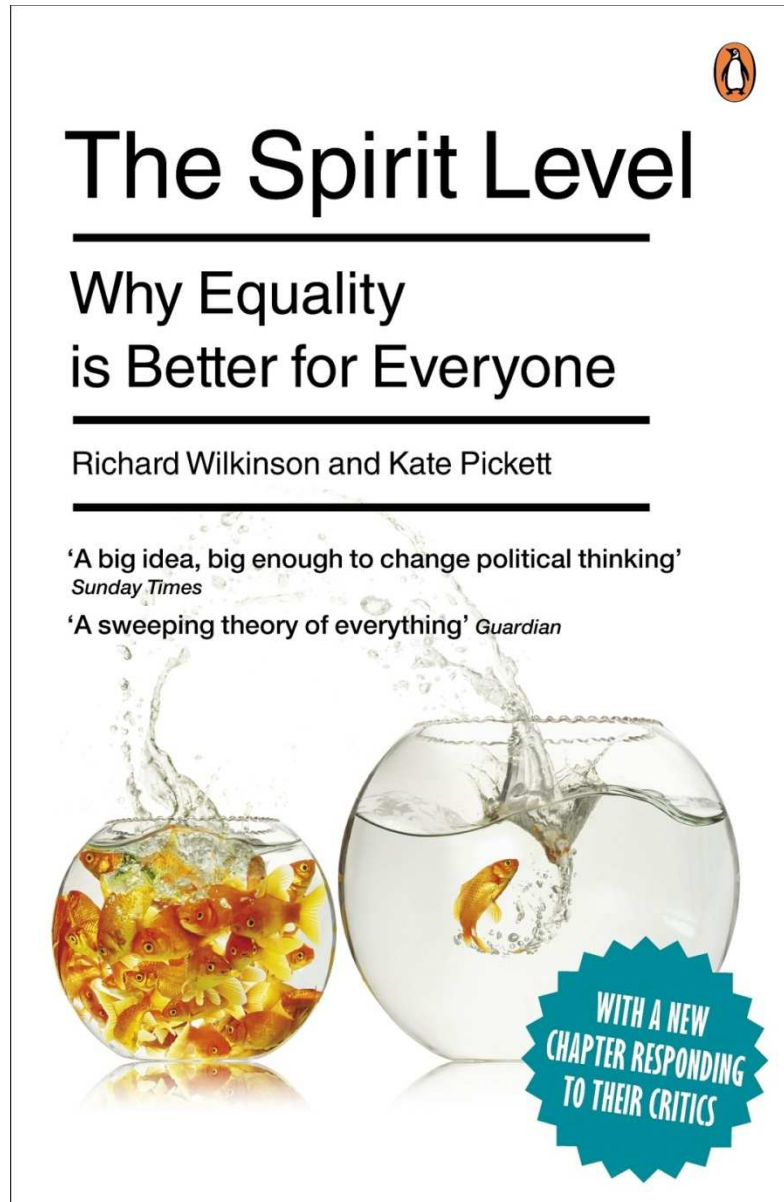


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For more information

... a book (in 24 languages with different titles)

and a website...



The **Equality Trust**

<http://www.equalitytrust.org.uk>