

# Inequality and Democracy

**Folks/Guys/People:** The article below is an excerpt from a book on extreme inequality and its consequences for democracy in advanced capitalist societies and below it are two reviews of the same book. (Ideally, we should be reading the entire book but the time constraint has put paid to that option.) As you digest this reading, I would like you to keep at the back of your mind the distinction between **procedural democracy** and **authentic** or *corporeal* democracy because what the authors are concerned with here is the consequences of extreme inequality in capitalist societies for authentic democracy. Now, it is important that you note that the inequality that is at issue here is not one that emerges out of the “normal” operation of the capitalist system *in a capitalist democracy* (after all, all capitalist systems, by definition, are inherently unequal) but rather one that is an outcome of the capitalist class—most especially the **transnational monopoly conglomerates**—employing their massive financial muscle to manipulate to their advantage governmental policies (such as policies on taxation, subsidies, giveaways, government expenditure priorities, and so on) through their political/ideological representatives.

In other words, they are NOT advocating socialism, an illusory system much beloved by the **bourgeois left**, as a cure for the rampant and ever-widening economically (and socially) unjustified inequality in countries such as the United States but, rather, rescinding these unfair governmental policies responsible for this volcanically accelerating inequality and their replacement with policies that will actually mitigate it, and thereby expand authentic democracy to the benefit of all. Their critique of these policies, however, is not motivated only by a concern for social justice for the *have-nots*; that is, ironically, those who create all wealth in the first place, through their labor. What they are also suggesting is that this unjustified inequality has extremely serious negative consequences—in the long run of course—for everyone, *including the capitalist class itself!* (As I explain in my classes: there is a simple formula I have come up with to summarize this outcome that, hopefully, you will always remember whenever the **right wing** zealots hypocritically rail against government intervention in a capitalist economy in favor of *laissez-faire* capitalism:  $c-d=c1$  where  $c$  is capitalism,  $d$  is democracy and  $c1$  is chaos. (A corollary of this formula is  $c+d=sc$  where  $sc$  is *socially responsible capitalism*—without which authentic democracy is not possible.)

The more astute among you should figure out that the basic argument of the authors is hardly earthshaking given our experience with the consequences of “Dickensian” capitalism of the nineteenth century. What is unique about their book is the enormous amount of data they have brought together in one place to demonstrate the disastrous consequences for capitalist democracies as whole of allowing the capitalist class to *politically* engineer spiraling inequality (the super-rich getting obscenely richer and the poor, that is the rest of us, getting even poorer). (**Note:** *Dickensian* refers to the descriptions of the consequences of *laissez-faire* capitalism found in some of the novels by the nineteenth century English novelist Charles Dickens. For definitions of some of the other terms see the course glossary.)

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## Inequality: the enemy between us?

*By Richard Wilkinson and Kate Pickett*

As if to overcome their reputation as practitioners of the ‘dismal science’, economists are now producing an economics of happiness. Ironically, what they find is that most of the determinants of happiness are beyond the grasp of the market. Happiness, rather than being determined primarily by income and possessions, is, at least in rich countries, more significantly affected by social relationships – by friendship, marriage, giving and volunteering.

And it’s not just happening in economics. Researchers across a range of academic disciplines are discovering how fundamentally social we are. Neurologists tell us how the pleasure centers in our brains light up when we co-operate with one another, and that feeling socially excluded activates the same areas of the brain as physical pain. Evolutionary psychologists have explained how reciprocal altruism developed. Epidemiologists have discovered that health is strongly protected by friendship and damaged by low social status – findings which are backed up by research on monkeys conducted by primatologists. And psychologists have shown that the kinds of stress which really get under our skin and elevate our stress hormones are those which contain a ‘social-evaluative threat’, such as threats to self-esteem or social status, in which others may judge our performance.

Where it once took studies of babies’ weight gain to discover that they needed attentive and loving care, it is now studies of death rates which are forcing us to recognize the social needs of adults. What matters most now for health, happiness and well-being is, from early childhood onwards, social relationships, the quality of the social environment, and how we experience ourselves through each others’ eyes.

For thousands of years the best way of improving the quality of human life was to raise material living standards. But we, in the rich world, are the first generation to have got to the end of that process. The evidence on life expectancy, happiness and measures of wellbeing show that there are rapid improvements in the early stages of economic growth, but the gains then diminish until, among the richest countries, all three cease to be responsive to economic growth. The ‘diseases of affluence’ – like heart disease – become the diseases of the poor in affluent societies and, for the first time in history, the poor are fatter than the rich.

At some point in the long history of growth it was inevitable that we would reach a point where diminishing returns set in. That we have passed this point has been masked by consumerism. But what drives consumerism – and makes it an insatiable but zero-sum game – is that rather than being driven by genuine human need, it is driven by status competition, by the need to have goods that show other people how well we’re doing and to keep up with the Joneses. When a large majority, even of the 10 or 15 percent of Americans below the Federal poverty line, have air conditioning, a car and a DVD player, growth has done its work.

In their bones people know this. We know that consumerism is hollow and cannot satisfy our deeper and more important social needs. Similarly, the romantic nostalgia for the 1950s reflects our recognition that, despite our societies being so much richer, people are no happier now than they used to be.

No wonder then that Gross National Income per head has been falling out of favor as a measure of progress in rich countries. Almost twenty years ago the United Nations introduced its Human Development Index and scored each country according to a combined measure of Gross Domestic Product per head, education and life expectancy. Since then, economists have developed many other measures of wellbeing, the ‘Genuine Progress Indicator’, the Happy Planet Index and the like. Most recently, Nobel laureates Joseph Stiglitz and Amartya Sen produced their report on measures of economic performance and “social progress” for France’s President Sarkozy.

But if you thought the Stiglitz-Sen report would tell us how to increase human wellbeing, you’d be disappointed. Rather than showing us how to improve wellbeing, they focus only on how to measure it. Even within this limited scope, the suggested improvements are remarkably pedestrian. Despite the sharp contrast between the material success and social failings of modern societies, they keep Gross National Income per head at center stage. The changes they propose are limited to various subtractions from GNI per head to take account of costs which boost economic growth such as longer commuting times, pollution and loss of leisure, while making additional adjustments, such as for the fact that we do not share the proceeds of growth equally. But this report is nevertheless important because it confirms the growing awareness that we have got to the end of the real benefits of growth.

So if the priority really has shifted from our material to social needs, what can be done in affluent societies to raise the real quality of life? Rather to our surprise, we believe we have found a crucially important part of the answer to this question.

Like others, we had been working for some years trying to understand the tendency for health to be better in countries with smaller income differences between rich and poor. There are now around 200 studies of income inequality and health. Other researchers working on violent crime had shown that homicide rates were lower in more equal countries. We started to wonder whether this pattern applied to other health or social problems. To find out, we collected internationally comparable figures on levels of trust, mental illness, life expectancy, infant mortality, prevalence of drug use and levels of obesity, homicide rates and rates of imprisonment, teenage birth rates, children’s educational achievement, and measures of child wellbeing – for each of 21 rich developed market democracies.

To measure inequality we used the ratio of the incomes of the top 20 percent in each country compared to the incomes of the bottom 20 percent. In the more equal countries (Japan, Finland, Norway, Sweden) the top 20 percent have 3.4 to 4.0 times as much. In the more unequal societies (USA, Portugal, UK) they have between 7 and 8.5 times as much. By this measure they are twice as unequal as the more equal countries.

Although people have often regarded inequality as divisive and socially corrosive, that did not prepare us for what we found. The frequency of all these problems was systematically related to income inequality. The bigger the income differences between rich and poor in each society, the worse these health and social problems became. And rather than things being just a bit worse in more unequal countries, they were very much worse. More unequal countries tended to have three times the level of violence, of infant mortality and mental illness; teenage birth rates were six times as high, and rates of imprisonment increased eight-fold.

The sense that inequality is divisive was shown by the fact that in more unequal countries, only about 15 percent of the population feel they can trust others, compared to around two-thirds in the more equal ones. That evidence was supported by relationships with social capital and levels of violence – all showing that inequality damages the social fabric of society.

Although the statistics told us that these relationships could not be dismissed as chance, we thought we should check in a second, independent, test bed to see if the same relationships held true. We looked at data for the 50 states of the USA, asking exactly the same question: did the more equal states, like the more equal countries, also do better on all these health and social problems than the less equal ones?

The pattern was extraordinarily similar. What the evidence shows is a tendency for more unequal societies to be socially dysfunctional right across the board. It is not that one country or state has good health but high levels of violence, or high teenage birth rates but low levels of drug abuse. Instead, the pattern is for most problems to become better or worse together.

Our interpretation of these findings is that bigger income differences lead to bigger social distances up and down the status hierarchy, increasing feelings of superiority and inferiority and adding to status competition and insecurity. Some of the causal links are known: the effects of chronic stress on the immune and cardiovascular system are increasingly well understood and must underpin the relationship of income inequality to health. Similarly, the reason why violence increases in more unequal societies is because inequality makes status even more important and the most common triggers to violence are loss of face, disrespect, and humiliation.

What the evidence shows is that problems that everyone knows are related to social status within our societies become much more common when the social status differences are increased. But, surprisingly, the benefits of greater equality are not confined to the poor. While the benefits are much bigger lower down the social ladder, even well paid middle class people live longer and do better in more equal societies. Their children too are less likely to become victims of violence, to drop out of high school or become involved in drugs. The reasons why the benefits of greater equality extend to a large majority of society is, of course, that we are all caught up in status differentiation and we all worry about what others think of us and how we are judged.

How can income differences be reduced? There seem to be two quite different routes. While countries like Sweden start off with large differences in earnings and then redistribute, countries like Japan have much smaller earnings differences to start with – before taxes and benefits. Within the US, Vermont and New Hampshire provide a similar contrast. It doesn't seem to matter how you get greater equality so long as you get there somehow.

Politics in the future are likely to be dominated by the need to reduce carbon emissions. But there too greater equality has a role to play. Consumerism is probably the greatest obstacle to achieving sustainability. Because the pressure to consume is intensified by status competition, greater equality will be necessary to reduce it. Reigning in carbon emissions depends, more than any other problem, on concern for the greater good. But as inequality weakens trust and community life, it also weakens public spiritedness and concern for the greater good. An international survey of business leaders found that those in more equal countries regard environmental issues as more important. It is also the more equal societies that do best on recycling and foreign aid.

Both our social and environmental wellbeing require that developed societies turn their attention from material accumulation to the quality of the social environment. What is exciting is that greater equality may be the key which brings solutions to the most important problems of our day within our reach.

**Richard Wilkinson, Emeritus Professor of Social Epidemiology, University of Nottingham and Kate Pickett, Professor of Epidemiology, University of York. Adapted from *The Spirit Level: Why Greater Equality Makes Societies Stronger*. Bloomsbury Press, NYC, December 2009. Visit this site for more on this book, including the authors' responses to a critique of their work by those on the right:**

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

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## Review 1

### The way we live now

A hard-hitting study of the social effects of inequality has profound implications, says Lynsey Hanley

Lynsey Hanley *The Guardian*, Saturday 14 March 2009

<http://www.guardian.co.uk/books/2009/mar/13/the-spirit-level>

We are rich enough. Economic growth has done as much as it can to improve material conditions in the developed countries, and in some cases appears to be damaging health. If Britain were instead to concentrate on making its citizens' incomes as equal as those of people in Japan and Scandinavia, we could each have seven extra weeks' holiday a year, we would be thinner, we would each live a year or so longer, and we'd trust each other more.

Epidemiologists Richard Wilkinson and Kate Pickett don't soft-soap their message. It is brave to write a book arguing that economies should stop growing when millions of jobs are being lost, though they may be pushing at an open door in public consciousness. We know there is something wrong, and this book goes a long way towards explaining what and why.

The authors point out that the life-diminishing results of valuing growth above equality in rich societies can be seen all around us. Inequality causes shorter, unhealthier and unhappier lives; it increases the rate of teenage pregnancy, violence, obesity, imprisonment and addiction; it destroys relationships between individuals born in the same society but into different classes; and its function as a driver of consumption depletes the planet's resources.

Wilkinson, a public health researcher of 30 years' standing, has written numerous books and articles on the physical and mental effects of social differentiation. He and Pickett have compiled information from around 200 different sets of data, using reputable sources such as the United Nations, the World Bank, the World Health Organisation and the US Census, to form a bank of evidence against inequality that is impossible to deny.

They use the information to create a series of scatter-graphs whose patterns look nearly identical, yet which document the prevalence of a vast range of social ills. On almost every index of quality of life, or wellness, or deprivation, there is a gradient showing a strong correlation between a country's level of economic inequality and its social outcomes. Almost always, Japan and the Scandinavian countries are at the favourable "low" end, and almost always, the UK, the US and Portugal are at the unfavourable "high" end, with Canada, Australasia and continental European countries in between.

This has nothing to do with total wealth or even the average per-capita income. America is one of the world's richest nations, with among the highest figures for income per person, but has the lowest longevity of the developed nations, and a level of violence - murder, in particular - that is off the scale. Of all crimes, those involving violence are most closely related to high levels of inequality - within a country, within states and even within cities. For some,

mainly young, men with no economic or educational route to achieving the high status and earnings required for full citizenship, the experience of daily life at the bottom of a steep social hierarchy is enraging.

The graphs also reveal that it is not just the poor, but whole societies, from top to bottom, that are adversely affected by inequality. Although the UK fares badly when compared with most other OECD countries (and is the worst developed nation in which to be a child according to both Unicef and the Good Childhood Inquiry), its social problems are not as pronounced as in the US.

Rates of illness are lower for English people of all classes than for Americans, but working-age Swedish men fare better still. Diabetes affects twice as many American as English people, whether they have a high or a low level of education. Wherever you look, evidence favouring greater equality piles up. As the authors write, "the relationships between inequality and poor health and social problems are too strong to be attributable to chance".

But perhaps the most troubling aspect of reading this book is the revelation that the way we live in Britain is a serious danger to our mental health. Around a quarter of British people, and more than a quarter of Americans, experience mental problems in any given year, compared with fewer than 10 per cent in Japan, Germany, Sweden and Italy.

Wilkinson and Pickett's description of unequal societies as "dysfunctional" suggests implicit criticism of the approach taken by Britain's "happiness tsar" Richard Layard, who recommended that the poor mental health of many Britons be "fixed" or improved by making cognitive behavioural therapy more easily available. Consumerism, isolation, alienation, social estrangement and anxiety all follow from inequality, they argue, and so cannot rightly be made a matter of individual management.

There's an almost pleading quality to some of Wilkinson and Pickett's assertions, as though they feel they've spent their careers banging their heads against a brick wall. It's impossible to overstate the implications of their thesis: that the societies of Britain and the US have institutionalised economic and social inequality to the extent that, at any one time, a quarter of their respective populations are mentally ill. What kind of "growth" is that, other than a malignant one?

One question that comes to mind is whether the world's most equal developed nations, Japan and Sweden, make sufficient allowance for individuals to express themselves without being regarded as a threat to the health of the collective. Critics of the two societies would argue that both make it intensely difficult for individual citizens to protest against the conformity both produced by, and required to sustain, equality. The inclination to dismiss or neuter individuals' complaints may, Wilkinson and Pickett suggest, go some way towards explaining the higher suicide rates in both countries compared with their more unequal counterparts. Those who feel wrong, or whose lives go wrong, may feel as though they really do have no one to blame but themselves.

What Japan and Sweden do show is that equality is a matter of political will. There are belated signs - shown in the recent establishment of a National Equalities Panel and in Trevor Phillips's public pronouncements on the central place of class in the landscape of British inequality - that Labour recognises that its relaxed attitude to people "getting filthy rich" has come back to bite it on the rear.

Twelve years in power is long enough to reverse all the trends towards greater social and economic stratification that have occurred since 1970; instead they have continued on their merry way towards segregation. Teenage pregnancy rates have begun to rise after a period of decline; there is a 30-year gap in male life expectancy between central Glasgow and parts of southern England; and child poverty won't be halved by next year after all (though it wouldn't make as much difference as making their parents more equal).

There are times when the book feels rather too overwhelmingly grim. Even if you allow for the fact that it was written before Barack Obama won the US presidency on a premise of trust and optimism, its opening pages are depressing enough to make you want to shut it fast: "We find ourselves anxiety-ridden, prone to depression, driven to consume and with little or no community life." Taking the statistics broadly, they may be correct, but many readers simply won't feel like that.

However, the book does end on an optimistic note, with a transformative, rather than revolutionary, programme for making sick societies more healthy. A society in which all citizens feel free to look each other in the eye can only come into being once those in the lower echelons feel more valued than at present. The authors argue that removal of economic impediments to feeling valued - such as low wages, low benefits and low public spending on education, for instance - will allow a flourishing of human potential.

There is a growing inventory of serious, compellingly argued books detailing the social destruction wrought by inequality. Wilkinson and Pickett have produced a companion to recent bestsellers such as Oliver James's *Affluenza* and Alain de Botton's *Status Anxiety*. But *The Spirit Level* also contributes to a longer view, sitting alongside Richard Sennett's 2003 book *Respect: The Formation of Character in an Age of Inequality*, and the epidemiologist Michael Marmot's *Status Syndrome*, from 2005.

Anyone who believes that society is the result of what we do, rather than who we are, should read these books; they should start with *The Spirit Level* because of its inarguable battery of evidence, and because its conclusion is simple: we do better when we're equal.

• Lynsey Hanley's *Estates: An Intimate History* is published by Granta

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## Review 2

Book review: *The Spirit Level*

**David Beetham**, 8 April 2010

*The path-breaking book, 'The Spirit Level' showed how gross inequalities damage the whole of society. Yet a year later we are entering a general election in which the main parties will ignore their damaging effects. David Beetham suggests why.*

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Wilkinson, Richard, and Pickett, Kate, [The Spirit Level: Why More Equal Societies Almost Always Do Better](#) Allen Lane: Penguin Books, 2009.

For all the developed capitalist countries without exception, the international measure of inequality, the Gini coefficient, showed a continuous decline in inequality in incomes from 1945 to the late 1970s. From then on there developed a marked disparity between the continental European countries, where the trend continued, and the Anglo-Saxon economies, where it went into sharp reverse, continuing up to the present.

The explanation lies in the anti-union, de-regulatory and free market policies of Reagan and Thatcher, which were later copied by the respective leaders of Australia, Canada and New Zealand. Since New Labour in Britain has carried on with the same policies, it is hardly surprising that the trend to ever greater inequality has continued throughout its period in office, despite successful attempts at poverty reduction for families and children at the very bottom of the income scale. This is because free market capitalism, if left to itself, produces not so much a downward trickle as an upward flood of income and wealth, as the history of the past 30 years has only too clearly demonstrated.

Academic and political criticism of this trend towards greater inequality has until recently concentrated on its manifest *injustive*, underpinned by theories of justice elaborated within disciplines such as political philosophy. The importance of *The Spirit Level*, by Richard Wilkinson and Kate Pickett, lies in showing that increased levels of inequality lead to an intensification of a whole range of social ills which affect everyone in society. By comparing the evidence from 25 advanced countries and the 50 US states, which all differ markedly in their levels of inequality, the authors demonstrate through a series of tables that all the main social ills correlate closely with high inequality, devoting a chapter to each:

- low levels of social trust
- mental illness (including drug and alcohol addiction)
- lower life expectancy and higher infant mortality
- obesity
- poor educational performance
- teenage births
- homicides
- imprisonment rates
- reduced social mobility

#### ***What is the causal link at work?***

One obvious cause is that in highly unequal societies there are more people living in poverty and deprived conditions, and exposed to their effects. However, the key finding is that the ill effects extend throughout the social scale in unequal societies, directly as well as indirectly. "Income inequality exerts a comparable effect across all population subgroups...like a pollutant spread throughout society". This is because of the marked status distinctions that follow from economic inequality, and the effect these have on the quality of social relationships and people's sense of self-worth throughout the social scale. In a previous book, Wilkinson summarised the causal chain as follows:

*Greater income inequality < increased social distance between groups, less sense of common identity < more dominance and subordination, hierarchical and authoritarian values < increased status competition, emphasis on self-interest and material success < others as rivals, poorer quality of social relations.*

In terms of the effect on health, he showed from studies of Whitehall civil servants that those lower down the office hierarchy suffered more from cardiovascular disease, and that this was due to the effect of stressful lack of control over work on the chemistry of the body (repeated in the present book). This condition of lack of control, status anxiety and fragmented social relations lies at the root of all the social ills documented in the latest book, and can be traced to the same cause of income inequality.

It is the experience of low status and low esteem that encourages violence, obesity, teenage pregnancy, drug use, and so on; and it is the fear of it that drives consumerism, longer working hours and other economic dysfunctionalities of unequal societies. In sum, "the role of this book is to point out that greater equality is the material foundation on which better social relations are built."

#### ***What are the policy implications?***

The implications of the work are that three types of ameliorative policy are mistaken if not actually futile:

1. Treating each of the social ills separately involves dealing with the symptoms, not the underlying cause that connects them all, and involves high levels of public expenditure which would be better spent on reducing the inequalities in the first place.
2. Poverty alleviation strategies on their own, which aim to lift the lowest, do not touch the structural consequences of inequality, which remain in place. Huge salaries at the top are particularly dysfunctional, as their influence permeates throughout the social and occupational hierarchy.
3. The socio-psychological effects of inequality on individuals can only at best be ameliorated by cognitive behaviour therapy and such-like (as per Richard Layard's *Happiness*), since the condition is set to be continually reproduced if the underlying inequality is not addressed.

#### ***What should be done and by whom?***

In the final chapters of the book the authors set out a mixed agenda of proposals, which all assume that the inequalities of the dysfunctional societies are not a natural phenomenon, but socially and politically constructed, and therefore open to change, as evidenced by the example of more equal societies

(Japan and the Nordic countries). These countries are all “market democracies”, so the changes are not insuperable, though they will take “many decades”. The problem of climate change, they point out, requires movement in the same direction. Among their proposals are:

- The establishment of a wide social and political movement for greater equality, working through all civil society organisations. The key for such a movement is “to map out ways in which the new society can begin to grow within and alongside the institutions it may gradually marginalise and replace....Rather than simply waiting for government to do it for us, we have to start making it in our lives and in the institutions of our society straight away”. In support of such a movement, the evidence of the book turns what previously were purely private beliefs in equality “into publicly demonstrable facts”;
- Among the key institutions of this new society will be employee-owned and managed businesses, using participative methods of organisation which break with the hierarchical principles of the unequal society;
- Of course there is an important role for government. It was the governments of the Thatcher and Reagan era that set the Anglo-Saxon countries on the road to greater inequality, and this can be reversed with wide-ranging policies, but they will take a long time to have effect;
- The wealthy should not be allowed to stand in the way. “We should not allow ourselves to believe that the rich are scarce and precious members of a superior race of more intelligent beings on whom the rest of us are dependent. That is merely the illusion that wealth and power create”.

***What is likely to be done?***

Wilkinson and Pickett’s book provoked considerable discussion and concern when it was first published a year ago, but its message has now almost totally disappeared from public view. Nothing is more indicative of the diminished political discourse in the UK than the fact that, with a general election only weeks away, the issue of the gross inequalities of our society is virtually absent from the agenda of the main political parties.

The reasons are not far to seek. These parties all continue to subscribe to the neo-liberal economic ideology which has brought us economic collapse on top of the inequalities documented by the book; they wish nothing more than a return to “business as usual”. The rich and powerful continue to exercise a stranglehold over the popular media and public policy alike. And there is something deep-seated in the Anglo-Saxon mentality which needs to have lesser breeds to demonise, whether they be unmarried or teenage parents, childhood offenders, the overweight, or whoever, and to subject them to punitive policies.

In the absence of a serious public debate about the message of this book, we shall continue to apply sticking plaster to the multiple social ills it documents, and at enormous cost to taxpayers as well as to the quality of the society.

*David Beetham is a leading political theorist and author of numerous books. He has made a major contribution to assessing the quality of democracy throughout the world with his work with Democratic Audit in the UK, International IDEA (The International Institute for Democracy and Electoral Assistance) and the Inter-Parliamentary Union.*

<http://www.opendemocracy.net/ourkingdom/david-beetham/book-review-spirit-level>