# The Spirit Level

I wanted to talk about this book, **The Spirit Level**, because it's so important in documenting and explaining why some of our richest, industrial societies are increasingly becoming such failures in social terms. Its subtitle is more revealing, **Why Equality is Better for Everyone**. You may have heard of it already as I've seen several columnists in the **NY Time**s and the **Toronto Globe and Mail** refer to it. The authors, Richard Wilkinson and Kate Pickett, are British epidemiologists who collectively claim over 50 years of research and study of statistics about health outcomes. We all know that the complex of changes that we refer to collectively as "the industrial revolution" has dramatically increased the productivity and wealth of human societies. The transformation had both costs and benefits which were too often not shared equitably, some sections of society bore most of the costs and other sections gained most of the benefits. Nevertheless, over time, populations in industrialized, 'developed' societies have experienced dramatic improvements--such as, increased life expectancy, markedly declining mortality rates, especially among the young and a virtual end to the kind of scarcity and want that faced the majority of our species in the past. We are witnessing the same transformations in China, India and Brazil. The actual reasons for these improvements are many (especially advances in medical knowledge), but we tend to conflate them to a single overriding explanation--greater wealth. As the collective wealth of societies increases, many things get better.

A good deal of the work of epidemiologists has given support to this idea. When societies are evaluated on the basis of income groups, there is a very clear and significant correlation between income levels and health and well being. The highest income group on average does better than lower income groups--that group lives longer, has better health and better social conditions. That correlation tends to go right down the income scale as, on average, each group does better than those below but not as well as those above. You all know the famous quip "I've been rich and I've been poor; rich is better." On the surface it seems to hit the nail on the head. (BTW, that quip has been attributed to various people, Mae West, Sophie Tucker and W.C. Fields among others, take your pick.)

BUT and this is a huge but. When the epidemiologists began to compare different societies, what they found was totally unexpected and seemed anomalous. The United States is the richest country in the world by virtually any measure, especially by per capita income. The claims about imminent bankruptcy by various politicians, mostly Republican, and talk jocks in the media are nonsense; it's all Chicken Little. Only Norway comes close as measured by per capita GDP. If rich is better, the US should be at the top. Let's take life expectancy. The US is not at the top; it's not 2nd or 3rd or even in the top 10. In fact, of the 23 nations compared in this book, the US is 20th out of 23 in life expectancy. Except for Norway, the nations that are at the top, all have per capita incomes that are 25-35% less than that of the United States. In fact Greece and Israel have higher life expectancy with just over half the per capita income of the US. Among the 23, there is no correlation between income and life expectancy. Maybe the joke about rich being better isn't so certain after all. But this is only the beginning. When epidemiologists (not just Wilkinson and Pickett) looked at other measures of health and social well being, the same pattern emerged again and again. What were the other measures? The authors identified 9 for which they could get statistics for comparison:

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| level of trust | mental illness (including drug and alcohol addiction) |
| obesity | life expectancy and infant mortality |
| teenage births | children's educational performance |
| homicides | imprisonment rates |
| social mobility | |

On all of these measures of well being, the United States came out at or near the bottom. When the authors put all of them together into a single index, the United States was not only dead last, 23rd out of 23, but was off by itself on the scale. Part of the explanation is that on some measures, homicides and imprisonment rates especially, the US is in a category of its own. On the other hand, there was consistency at the top. The same countries tended to come out at or near the top on most measures.

I've mentioned that the book compares 23 countries. Who are they and how were they chosen? The authors started with the 50 richest countries and then eliminated some for various reasons; eliminated were those with less than 3 million population and those for whom there were not reliable or adequate statistics. Left were 16 European countries, Canada, the US, Australia, New Zealand, Singapore, Japan and Israel. All are democracies and developed countries with capitalist economic systems.

If income is not the explanation for the outcomes on these 9 measures, and statistically there is no correlation between average incomes and outcomes among the 23, then what's the explanation? The only correlation the authors and other researchers found was the level of income inequality within each society. That is, societies that have lower inequality have better outcomes than those that have high levels of income inequality. Those in the middle of income inequality have outcomes in the middle. In other words, they fall on a scale, the lower the income inequality the better the outcomes. That means that people in lower inequality countries live longer, have lower rates of addiction and mental illness, lower obesity, fewer homicides, better educational performance etc. I mean, what's not to like!

I deliberately talk about levels of inequality rather than equality because no country comes anywhere near equality of income. Thus, those who argue that equality is deadening and fatal to initiative have no need to get worried or excited. There's no danger or need to strive for complete equality. Even a bit less inequality has significant benefits. But how much inequality are we talking about?

There are a number of ways to measure inequality, but all produce pretty much the same ranking. The authors use a fairly simple approach in their comparisons of the 23 countries. In each society they compare the 20% with the highest incomes with the 20% with the lowest incomes. In four countries (Japan, Sweden, Finland and Norway), the richest 20% have average incomes just under 4 times that of the lowest 20%. In the next 10 the richest 20% have 4 to 6 times the incomes of the lowest 20%. Nine countries have greater disparities including Britain (over 7 times) and the US (about 8.5 times); only Singapore at almost 10 times exceeds the US. These statistics were from 2002-05 and it's likely that the inequalities are greater now, especially in the US with the Bush tax cuts for the wealthy and the drastic increase in unemployment since

2008. The authors show that there’s a very high degree of correlation between the degree of income inequality and how well or badly societies compare on the nine measures.

One of the measures, social mobility, is especially significant, symbolically at least. This is something that Americans have long prided themselves on, especially in comparison to class ridden European societies in the past. America was the land of opportunity where anyone with drive and ambition could climb the social and economic ladder. Measuring social mobility is difficult; it takes longitudinal studies of at least 30 years to compare how sons have done in comparison with their fathers. The authors were able to get such studies for only 8 countries, so the results aren’t definitive. However, those with lower inequality were bunched near the top with Britain farther down; the US was distinctly separate and lowest on social mobility. Moreover, an American study showed that social mobility in the US had increased from 1950 until about 1980 and then had begun a sharp decline after that. That is precisely the time when income inequality began to increase dramatically in the US. Obviously, there are some individuals , especially involved with computers and technology (Bill Gates, Steve Jobs, etc.), who amass enormous wealth while still young. However, they are very much exceptions; it seems that for the majority, individuals have difficulty equaling the status of their parents, let alone bettering it. The status of sons is largely predicted by the status of their fathers. Upward mobility is more a dream and myth than a reality.

To test their findings about income inequality and outcomes, the authors also compare the states in the United States on 8 of the measures (not social mobility). All their statistics are from official US statistical agencies, including the US Census Bureau which collects statistics on a state by state basis. When each of the measures of well being is compared with the GINI coefficient which is the Census Bureau’s measure of inequality, the same pattern emerges as between countries; that is, people in states with less inequality do better than people in states with greater inequality. There is more scatter in the plotting of the states than in the plotting of the countries as there are often other factors affecting the outcomes as well as income inequality. Alaska is a good example. Alaska is one of the low inequality states and on most measures it’s in line with other states with a similar level of inequality. However, on the homicide measure, Alaska has a much higher rate than others of similar levels of inequality. However, it turns out that Alaska has one of the highest rates of gun ownership which may explain this divergence.

The book is organized with a chapter on each of the 9 measures of well being and the authors try to provide explanations about why levels of inequality have such significant effects. A lot of the explanation appears to be related to the fact that we humans don’t tend to assess our status and well-being by objective criteria, but rather by comparing ourselves with other people in our own society. We evaluate our lot by comparing what we have with what other people in our society have. Status is determined by more than one criterion--wealth, education levels, profession and birth; however, even in Europe birth is decreasing in importance and wealth is more and more significant because wealth affects consumption patterns. Wealth and income enable people to acquire the things that convey status. The greater the differences in wealth, the greater the differences in consumption patterns and the differences in status. Where there are great disparities of wealth, people in society are ranked on a sharply rising and extended hierarchy. Most people are preoccupied with at least maintaining their ranking on the hierarchy. The authors argue that much of the increased anxiety and the recent behaviors that led to such a mess recently can be traced to this problem. The rich and super rich are constantly raising the bar; but it is not just the rich and super rich. People are concerned with those immediately above or below them. ‘Keeping up with the Joneses’ is a treadmill that keeps going faster and faster. Is this why so many people took on so much debt at a time when incomes of those in the middle were stagnating--bigger, grander houses and other elements of conspicuous consumption in a desperate attempt to keep up? Anxiety has very significant negative mental and physical effects. As social distances increase, feelings of connectedness and empathy decrease; trust of other people in society goes down. The authors’ discussions of the effects are much more extensive than I can give here.

They also talk about ‘happiness’ and there are surveys that try to gage how happy people in different countries are. However, the authors agree that these tend to be subjective and are influenced by cultural attitudes. For example, Japanese tend to be self-deprecating while it is said that Americans are the opposite. In any case, such cultural differences would affect how people respond to survey questions. However, in the same society, surveys over time may give some indication of how happiness and satisfaction is perceived and changing within a society. In the US, polls are pretty consistent in showing that a majority of Americans are not happy about the way things are going and in agreeing that the best days are behind for the US. That is, levels of satisfaction are much lower than they were a few decades ago and seem to be still going down as the economic crisis deepens.

You might assume that with the huge and growing disparity in incomes in the US that the explanation for the worse outcomes for the US is that people at the bottom are dragging down the averages. It is true that as one goes down the income scale the outcomes are worse, but that’s true in every society, not just in the US; but this is not the entire story. The stunning thing is that the rich in more unequal societies don’t do as well as you might expect. In a comparison of the richest 20% in the US and Sweden (remember that the average of American rich is much higher than that of the rich Swedes), the Swedes do better on every measure, including life expectancy. As you go down the income scale, Swedes in every income category do better than their American counterparts in spite of the fact that Americans have higher average incomes. Thus, the costs of greater inequality are spread across the entire society, even the rich.

This is not to claim that everything is wonderful in Sweden. In Sweden too the gap between rich and poor has widened since the 1960s. Many Swedes lament that equality and solidarity are no longer valued like they were in the 1960s. There is more crime (2 leading politicians assassinated); there has been substantial immigration (about 11% are now non-Swedes) and the immigrants are not integrating well into Swedish society.

Immigration raises another point. Some critics of **The Spirit Level** have suggested that the differences in outcomes in measures of social well being aren’t due to income inequality; instead, one criticism is that the explanation is due to homogeneity or heterogeneity of the population. That is, the good showing by some countries (Japan and the Nordic countries) is due to the homogeneity of their populations while the poor showing of the US is due to its great heterogeneity. Japan is certainly one of the most homogeneous nations and this argument has a superficial plausibility. On the other hand, Portugal is also homogeneous, yet with its high level of inequality (almost equal to the US) its outcomes are often just above the US; that is, its outcomes are just where its level of inequality predicts. Moreover, during the last 30 - 40 years, European societies, even Sweden, have experienced a great deal of immigration from outside Europe; they are much less homogeneous than critics recognize. However, the real counter is Canada. Canada has had so much immigration from Africa, Asia the Middle East, and even the Western hemisphere in recent decades that it's not far behind the US in terms of heterogeneity. Yet Canada, with a lower level of inequality, scores very much higher on all measures than does the US.

Another interesting fact revealed by the researches is that it does not seem to matter how a society achieves lower levels of inequality. The Nordic countries (Sweden, Norway, Finland, etc.) do this by higher taxes and a broad range of government funded services--i.e., redistribution of incomes. On the other hand, Japan, which has the lowest level of inequality of incomes of the 23, also has just about the lowest level of government funded services. Japan, after its defeat and with the need for unity to rebuild its devastated country, had a relatively small gap between the top and bottom incomes. It has not experienced the explosion of top incomes that we have experienced since the 1970s. Remember when actors, entertainers and top athletes began demanding and getting huge pay days? Then, top executives soon got on the same bandwagon and it hasn't stopped. Wilkinson and Pickett do not prescribe how inequality should be reduced; they argue that all options are open. However, short of another world war (that's what it took last time to collapse the income disparities), I think that the genie's out of the bottle. Who is going to be willing to see their incomes go down? I think that redistribution via taxes and expanded government services is the most realistic option, but raising minimum wages and strengthening trade unions might also do a lot.

One of the things the authors talk about, but which I think deserves more emphasis, is the extreme cult of the individual that has been adopted by so many Americans. The works of Ayn Rand have been especially influential. I have read only one of her works, but I wasn't very impressed. From what I can remember, her 'heroic individual' is a kind of watered down version of Friedrich Nietzsche's 'superman'. Rand contemptuously dismissed altruism as an ethical or philosophical principle unworthy of consideration. Altruism is concern about others and a willingness to sacrifice one's own interests for the benefit of others or the public good. Instead, Rand advocated 'rational egoism', what we might characterize as 'me first, me last, me always.' Her political ideology, laissez-faire liberalism (usually nowadays called conservatism or neoconservatism), denigrated obligations to the group and most uses of government to perform tasks that serve the general good of society. We have witnessed how enthusiastically these moral principles advocated by Rand have been adopted by Wall Street and bankers almost everywhere. "Greed is good," has been the mantra for so many. For over 30 years politicians, Ronald Reagan, Margaret Thatcher and a long list of others, have laboured incessantly to reduce our governments to impotence. As we look at the increasing social and economic devastation of so many so-called developed nations, we can see what 'rational egoism' and neoconservatism have wrought.

But there's a problem in logic. Rand explicitly assumes that self-interest and altruism are opposite and more or less an either/or proposition. But is it easy to decide what's in one's 'self interest'? Which is better? To have lower taxes and therefore greater income to spend on conspicuous, status consumption as is the current rage? Or to pay higher taxes to reduce income inequality and therefore be healthier, have less stress, have more community and live longer, and all the other things that less unequal societies enjoy? Which is more 'rational'? It appears that altruism is in one's self interest. Rand's philosophy is shallow and short-sighted.

In any case, extreme individualism is not an appropriate ideology for humans. Some species do live solitary lives as individuals--bears, leopards, and such like. However, we humans have survived and thrived only in groups; the reason isn't hard to find. Rearing human infants is a demanding, long term task. No individual or even couple can successfully rear children to adulthood on their own. It's a task for a community. Moreover, the evolution from small, hunter/gather societies to modern, industrial societies has enormously increased, not diminished, the task of preparing human infants to live and perform in our complex world. Our species has always lived in groups; we've depended on cooperation and lots of altruism. I know that my version of this debate about whether unceasing competition or cooperation have been most important in human evolution is very crude; the authors give a much more comprehensive argument. But the research is building up. Recently, David Brooks, one of the **NY Times** 'conservative' columnists, had an article reviewing recent books and studies which are showing that cooperation and interdependence has been more characteristic of human society than used to be asserted by social darwinists and other evolutionary anthropologists. What this means I think is that we are getting evidence from two directions that the extreme individualism espoused by those like Rand is not appropriate. The research increasingly questions the premises on which their theories are based. However, even more significantly, our experience indicates that since we began to follow this path in the 1970s, things have been getting worse.

You may think that I've been picking on the US, especially when Britain follows closely the results found in the US. However, as unquestionably the richest society on earth, the dismal showing by the US on so many measures of well being is the most surprising and stark example. Moreover, American researchers have also provided the most extensive examination of social outcomes. Thus, the US is the best 'guinea pig' and laboratory.

I can guess that some of you are thinking, "Ah yes, another smug Canadian." It's true that in comparison with the US and Britain, Canada does well. Yet, I'm not smug for a couple of reasons. First, Canada's too close to escape effects from the US. Pierre Trudeau once described Canada's position, saying that it was like sleeping in bed with an elephant. Any twitch of the beast could bring dire consequences. But there's more. The authors of **The Spirit Level** give Canada more credit than is due. At one point they say that alone among the English-speaking democracies, Canada has not followed the US and Britain down the road to greater income inequality. However, just last December, Statistics Canada released a research study which shows that in Canada too, income inequality has been increasing during the last 25 years. Thus, the best that can be said for Canada is that we've not gone as fast or as far as the others. Moreover, the current government of Steven Harper, which just won a majority in parliament, seems determined to take Canada as quickly as possible in the direction of the US. For example, they are proposing a 'tough on crime' program of longer prison sentences despite the evidence that crime rates are declining and in spite of the evidence of the disaster such policies have been in the US. In short, we in Canada are following the other lemmings towards the precipice.

Laisser-faire liberalism and its modern reincarnation, neoconservatism, is really a religion. Of course, Adam Smith started it with all that hocus-pocus about 'the invisible hand'.

We are told that the free market is omniscient; the market is self-regulating and should never be regulated by fallible governments. We are urged to bow down and worship this transcendent entity, THE MARKET. But like other gods, this is a god that we humans have made. What's a market? A market is simply 2 or more humans exchanging things.. It can be relatively local as our tianguis or it can be global as many of our markets are. Nevertheless, markets, however large or small, are still something that we humans create. Because they are created by humans, markets are, like humans, fallible. We should have learned because there have been frequent examples of fallible markets, from tulip madness to the recent mortgage and derivatives meltdown. It is not magic; it's not anything supernatural. There is no omniscient, transcendent Market in the sky. I know, I know; I sound like an atheist who says, "There's no Big Daddy in the Sky!". I always insist that I'm an agnostic, not an atheist; but many people say that that's a distinction without a difference. In any case, I don't believe there's a supernatural Market that'll look after things for us; we have to look after ourselves.

It all seems like a time warp into the past. In the years following the Great Depression and the 2nd World War, our populations turned away from laisser-faire and other fantasy theories, such as fascism. They rebuilt from the enormous wartime devastation and created the most dramatic period of prosperity the world has ever known. This was done on the basis of a balance between public and private enterprise. If the balance tips too far one way or the other, the results are not good. Why is China doing so well presently? For decades after the creation of the People's Republic, almost everything was decided by the state with disastrous results. Now, opening up to private initiative has enabled the Chinese economy to thrive, but the state still is massively involved in building infrastructure and investing in research. China has moved towards a better balance. Meanwhile, in the US, the role of government has been massively reduced and the balance tilted. Contrary to fairy tales spread by neoconservatism, there are a great many, economically necessary tasks that the private sector will not and cannot do. If the government or the state is reduced to impotence, those tasks aren't done; economic momentum is lost and the quality of life declines. **The Spirit Level** is important because it shows what the consequences are. If we ignore the evidence, what are the prospects for our democratic societies?

I know that most of you, like me, don't have to be convinced that greed and selfishness are not high moral virtues; that high levels of inequality and disparities of income are not positive characteristics of our societies. The big surprise in **The Spirit Level** is that the evidence is so overwhelming that we are all worse off because of it. For over 30 years the proponents of laisser-faire and neoconservatism have dominated public debate. They agree; unregulated competition with government prevented from redistributing income via taxes leads to great disparity of incomes and inequality. What they claim is that inequality is 'good'. Why? Because, they claim, people with high incomes won't spend it all and will instead invest the extra. The investment will produce jobs and eventually, everyone, even the poor, will be better off; this is the famous or infamous 'trickle down' theory. If Wilkinson and Pickett (and the other researchers they cite) are correct (i.e., that inequality in fact makes things worse), then the entire rationale for neoconservatism is destroyed. We only have to look around to see that squalor is increasing and our recent experience indicates that we are not doing better economically. I think that it's time that we pushed back. In my view, neoconservatism is an example of the Emporer's New Clothes. BTW, these last comments are mine and not those of the authors who are more circumspect than I am. They mostly just present the evidence.

Some links and my comments on the critics:

Wilkinson & Pickett's website: The Equality Trust http://www.equalitytrust.org.uk/ They have a number of items and part of their debates with critics.

The neoconservative critics:

Christopher Snowden **The Spirit Level Delusion**
http://spiritleveldelusion.blogspot.com/2010_05_01_archive.html

Swedish Taxpayers Ass. **The Spirit Illusion**

Peter Saunders, **Beware False Prophets**

All 3 make a big point that correlations are not proof of causation. This is true up to a certain point. This was also the claim made by cigarette companies for about 30 years. "There is no proof that smoking causes lung cancer." However, if a growing body of studies reach the same conclusion without any plausible alternative explanation, then the conclusion is accepted. W & P's earliest citation of a study making the point about inequality was 1979. They cite over 200 studies, most of which make the same point. Thus, the objections that correlations are not proof of causation are valid, but getting extremely weak in the face of the mountain of evidence.

Both **The Spirit Illusion** and **Beware False Prophets** take W & P to task for not using Angus Deaton's 2001 article. Deaton, an economist, wrote a couple of articles; these argued that the poor health outcomes of some southern US states were not due to income inequalities but due to the fact that they had higher proportions of African Americans in their population. The authors cite a number of sources which looked at Deaton's work and found it to be incorrect. In any case, it is a racist argument. Pretty desperate if that is the only counter evidence they can offer.

Snowden is the most formidable challenge, but he is not reliable. He flings the smear "socialist" fairly freely. However, I did not find the slightest evidence in the book; he seems to be asserting that any reference to 'equality' is socialistic and he doesn't need any real evidence. He also has a whole chapter in his book asserting that W & P claimed that de Tocqueville was a socialist; he then pours scorn and goes to great lengths to prove that de Tocqueville wasn't a socialist. However, W & P never said that he was! Snowden made it up.

In an exchange with Snowden, Wilkinson and Pickett cited the 2009 article (Kondo, et al. http://www.bmj.com/content/339/bmj.b4471.full ) as supporting their findings. Snowden then grudgingly admitted that it did slightly; then this is how Snowden treats the Kondin, et al. article. He quotes part of their more or less standard disclaimer without any context:

The results suggest a modest adverse effect of income inequality on health, although the population impact might be larger if the association is truly causal... The findings need to be interpreted with caution given the heterogeneity between studies

This is what the authors in the article actually said about their findings:

## Principal findings

Our meta-analysis of cohort studies including around 60 million participants found that people living in regions with high income inequality have an excess risk for premature mortality independent of their socioeconomic status, age, and sex. A similar conclusion was supported by our meta-analysis of cross sectional studies with poor self rated health as the outcome. The estimated excess mortality risk was 8% per 0.05 unit increase in the Gini coefficient. Although the size of the excess risk seems relatively "modest," it has potentially important policy implications for population health as income inequality is an exposure that applies to society as a whole. For instance, if the inequality-mortality relation is truly causal then the population attributable fraction suggests that upwards of 1.5 million deaths (9.6% of total adult mortality in the 15-60 age group) could be averted in 30 OECD countries by levelling the Gini coefficient below the threshold value of 0.3 (based on 2007 population).