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The Levelling Spirit:

Why More Equal Societies Almost Always Do Better

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Presentation by

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Emeritus Professor Richard Wilkinson:

What we're going to do is to take you through the main findings in our book, which are really about the damaging effect of inequality. We look at societies with bigger and smaller income differences and see how more unequal societies become almost socially dysfunctional, experiencing all sorts of outcomes – how more unequal societies do less well.

But where I'm going to start is looking at average income in different societies, in the rich developed societies. This [refers to PowerPoint presentation] probably from the back of the auditorium looks like some of that volcanic ash that's been holding up flights. But they're the names of rich and poor countries. Up the side you have life expectancy. Along the bottom is national income per person, which is where countries have got to in economic growth.

What you see is very rapid rises in life expectancy in the early stages of economic development. But then amongst the rich, developed countries [in the top right] you see it doesn't really make much difference if they get richer. It doesn't improve life expectancy any further. Life expectancy goes on rising but it's unrelated to economic growth.

The interesting thing is you get the same picture if you look at happiness: big rises early in economic growth and then tailing off in the same way. If you look at measures of wellbeing within societies you get just the same picture. Wellbeing doesn't seem to improve while maybe our levels of national income and our consumption doubles.

So we're the first generation, I think, to have got to the end of what economic growth can really do for us in real human terms. I want to make that point so that you no longer think while we're talking about these rich developed countries, of which Australia and Britain are part of our data set, you don't think that what we're really talking about is absolute living standards. We're going to be talking about inequality.

There [referring to PowerPoint] you see there's absolutely no relationship whatsoever between life expectancy and national income. Some of those countries are twice as rich as others.

If you look on the next slide at the social gradients in health within societies you see that there are extraordinarily clear social gradients in health that go right across societies. This is English data but it would look much the same coming from any society – small areas classified by levels of deprivation. So the most deprived small areas are on the right, with low life expectancy - 71 years, something like that. And on the left are the least deprived, the richest areas, with life expectancy more like 79.

But you see that's not just the difference between the poor and the rest of us. It goes right across society, even the people who are not quite the richest do a bit less well than the rich.

But the real thing is the extraordinary contrast between this slide, showing the inequalities within a society, and the last one which showed that for the whole society to get richer makes no difference.

So income means something very important within our societies which it doesn't mean between them. That means what we have to be thinking about is relative income, inequality, where we are in relation to each other, the differences between us – it's that that counts now.

When we talk about inequality we're not talking about any hypothetical or Utopian idea of a society with perfect equality. We're looking simply at the differences in inequality among the rich developed countries. The measure we take is simply how much richer the top 20%, the richest 20%, is in each country in comparison with the poorest 20%.

You see on the left [refers to PowerPoint presentation] the most equal societies where the top 20% is three-and-a-half or four times as rich as the bottom 20%. But in societies like Australia, UK, Portugal, and the USA, it's seven, eight, eight-and-a-half times as rich. So the gap in the more unequal societies, including Australia and the UK, is twice as big as in the more equal countries.

We're going to be talking about what that does to our societies.

I should have said at the beginning I'm going to do a little introduction and then Kate here is going to take over. Then I'll come back at the end.

What we want to talk about is the scale of social problems. If you look at the next slide you can see some of the social problems that are in the news all the time, whether it's teenage births, overcrowded prisons, anti-social behaviour, obesity, drug problems – all these things that I think increasingly worry people, and the contrast between the material success and the social failure, if you like, of many of our societies.

We collected internationally comparable data on as many of those problems as we could find data on. If you look at the next slide [refers to PowerPoint presentation] you can see a list on the left of the problems we collected data on. We got life expectancy for each country, kids' maths and literacy scores, infant mortality rates, homicide rates, imprisonment (the proportion of the population in prison0, teenage birth rates, levels of trust, how much people feel they can trust others, obesity, mental illness (which in these WHO figures include drug and alcohol addiction), and some measures of social mobility.

In this graph you see we've put all those problems together in one index. Kate doesn't like me calling it a rag-bag of health and social problems but that's what it is. All these things are weighted equally, where a country is influenced just as much by obesity as homicide as life expectancy.

What you see there is how much worse a country performs if it's more unequal. We have listed inequality along the bottom, a measure of inequality that we've just shown you, and up the side we have this index of health and social problems. And what we see is a very consistent tendency for the most unequal societies to do worse on all these kinds of outcomes.

If you put that same index of health and social problems in relation to national income per person you see there's no relationship. There's a tight relationship with the amount of inequality in each society but no relationship with where those countries are in terms of economic growth.

We were a little bit worried that people would think that maybe we'd just chosen problems that suited our argument. So we also looked at the UNICEF index of child wellbeing in rich countries. The advantage for us is that we had no hand in the choice of the components. It

contains 40 different components, every aspect of child wellbeing goes into it. For instance, it looks at whether children can talk to their parents, whether there's bullying at school, what immunisation rates are like, whether kids have books at home – all that goes into it.

Let me show you how that index of child wellbeing relates to inequality. Remember, we had no hand in choosing this. And yet there's the same clear tendency for the more unequal countries to have worse standards of child wellbeing.

You can see that Australia is very close to where we'd predict, on the wrong end of the scale, but you don't do anywhere near as badly as the UK.

If you look at the next slide [refers to PowerPoint presentation] you can see there is no relationship, again, between that UNICEF index of child wellbeing and national income per person.

So all these graphs tell you the same story, that it doesn't help us if we all get richer. What matters now is the scale of the income differences between us. That's a really important point.

Kate is now going to take over and take you through some of the individual components of that index.

Professor Kate Pickett:

Thank you. Good morning. This is the second time I've been in virtual communication with Melbourne today. I'm loving this modern technology.

I'm going to take you through some of these individual components of our index. I'll start with levels of trust. These are the levels of trust in different societies – they come from the World Values Survey.

The value up the side [refers to PowerPoint presentation] is the percentage of the population who think that most other people can be trusted. If you look over to the left you can see that in the more equal countries, about two-thirds of the population believe that other people can

be trusted. If you go down to the most unequal end, over to the right, in Portugal, Singapore, it's fewer than one in five.

This pervades all aspects of our social life, our communications with one another, our social relationships. Levels of trust are really important.

If we think about what it means to be a woman walking home alone at night or a young man walking along the street and encountering a group of other young men on the street corner, or we think about what relationships are like at work, levels of trust really matter. And if we were to plot levels of social capital against income inequality we would see the same thing. If we were to plot women's status we would see the same thing.

Eric Aslaner, a researcher in the United States, has shown us that it is income inequality that affects levels of trust, not the other way around.

Richard mentioned that we knew our work was very politically sensitive and that we knew we might be accused of having picked our outcomes to suit our argument, and so we looked at the UNICEF index of child wellbeing as well.

But we also knew that we might be accused of picking the countries we looked at to suit our argument or that people might think that what we're seeing are different cultural values between different societies.

And so to counteract that we repeat all of our analyses for the 50 US states as well as the rich developed nations. Here we're looking at levels of trust in US states. Up the side is the same measure from their general social survey – whether or not people think that other people can be trusted or not.

In the more equal states to the left [refers to slide] around two-thirds of the population, again, just like those rich countries we saw one slide ago, think that other people can be trusted. And down at the more unequal end, on the right, it's a third or lower.

Emeritus Professor Richard Wilkinson:

So as Kate was saying basically we've done all this work twice on the rich developed countries and then to see if the same argument holds up amongst the American states. We went through all these variables in both those settings.

Professor Kate Pickett:

This [refers to PowerPoint presentation] is looking at mental illness. Now these data for most countries come from the World Health Organisation's Consortium which was set up specifically to provide these comparable measures of the prevalence of mental illness in different countries. For Australia, the UK and Canada they come from our own national surveys that use similar methods.

Up the side you have the percentage of the adult population who have had any kind of mental illness in the past year, again plotted against income inequality. To the left, down at the bottom, there are the more equal countries where fewer than one in 10 of the adult population have had some kind of mental illness in the past year. In Australia and the UK, it's 23%. In the USA it's 26%, so more than one in four.

Emeritus Professor Richard Wilkinson:

Huge differences.

Professor Kate Pickett:

And the scale of these differences is really important because what it tells us, or gives us a clue about, is that it's not just a problem that's confined to the poor. You can't have 23% of the population or 26% of the population affected by mental illness because of something that's only happening among the poorest or because of something that's happening within a minority group.

This [refers to PowerPoint presentation] is data on drug use. These data come from the United Nations program that looks at drug use. We've made an index of the use of illegal drugs,

opiates, cocaine, cannabis, ecstasy and amphetamines. And you can see that Australia actually has the highest prevalence of illegal drug use of any country that's significantly related to inequality.

Here [refers to PowerPoint presentation] are infant mortality rates. These are infant deaths per thousand live births. If you're looking at this on the screen you probably think the slope should be steeper, tilting more upwards towards the right. But that's because Singapore is down there in the very bottom right hand corner. Singapore has the lowest rate of infant mortality in the world and the highest inequality of any of the countries we look at. So you can see that we don't just present the nicest data. We present everything.

We don't know why Singapore is there. We suspected there was something wrong with the data but we haven't been able to find any sign of that.

Emeritus Professor Richard Wilkinson:

We have to have a rule that we take data warts and all. Otherwise we'd be accused of picking and choosing.

Professor Kate Pickett:

Here [refers to PowerPoint presentation] is obesity. More adults are obese in more unequal rich countries. We show the percentage of the adult population that are obese up the side, those with a BMI greater than 30. The USA has the highest percentage, over 30%. More equal countries have a percentage more like 10%.

We've shown the data for children being overweight as well. And if we look at this slope for women rather than for men it's a much steeper slope because body size is a much more important social indicator for women than it is for men.

Here [refers to PowerPoint presentation] are teenage birth rates – we've shown births per 1000 women aged 15 to 19 up the side. In the more equal countries there are fewer than 10 teenage births per 1000. The UK and New Zealand are doing particularly badly. The UK has the

worst rate of teenage births in Western Europe. And the USA is almost off the scale. But Australia is up there as well.

Here [refers to PowerPoint presentation] are homicides. These data come from colleagues in Canada. Down towards the left are some triangles showing the Canadian provinces. The rest of the points are circles – those are the US states.

At the side we have homicides per million people per year. In the more equal Canadian provinces there are about 15 murders per million people per year. In the more unequal states there are 150 – so we see there is a tenfold difference in murder rates related to inequality.

Here [refers to PowerPoint presentation] are rates of imprisonment. Looking at this one it's such a tight correlation. It looks just like our index of health and social problems. If you know a country's level of inequality you can pretty much predict its level of imprisonment. But if you look up the side what we have on the left-hand side is a log scale. So the difference between 10 and 100 on that scale is the same as between 100 and 1000.

We had to put this graph on a log scale so that we could fit the USA on there because otherwise it would be up on the ceiling of your conference room and you wouldn't be able to see it.

The only other one that's off the line is Greece. We often think that Greece's figure should be a little bit lower because two of their prisoners escaped last year. That was very much in the news in the UK. They escaped by helicopter. A helicopter landed in the prison yard and two prisoners walked out of their cell block, got into the helicopter and flew away. But the reason it was news for us was because it wasn't the first time they'd done it. It was the second time that they had escaped using that same method.

That does tell you something important as well. If we look at these figures on imprisonment they are not driven by crime rates. Prison regimes are very different across this scale of inequality. If you are in prison in one of the more equal countries you are more likely to have some rehabilitation. You are more likely to be treated fairly in prison. In the more unequal countries regimes are much harsher.

You can see that we in the UK are near the top there. Rates of crime have been coming down in the UK but our rates of imprisonment have been going up.

Researchers in the USA have calculated that only about a third of the changes in state imprisonment rates are due to changes in crime rates. Really, what we're looking at here is how harsh a judicial system we have. And more unequal countries have harsher judicial systems. They're more likely to send people to prison. And they're more likely to send them to prison for longer.

This is the last of the components of our index that I want to show you. This [refers to PowerPoint presentation] is a measure of social mobility. I apologise that Australia is not on here. We only have this data for eight countries and that's because you need 30 years of longitudinal data to be able to look at social mobility because we're looking here at intergenerational income mobility, asking the question do rich fathers have rich sons or do poor fathers have poor sons or is there income mobility across the generations.

The countries that are near the top have a low correlation between a father's income when his son is born and the son's income around 30 years later. Norway, Sweden, Finland, Denmark, Canada and Germany have pretty high social mobility. In the UK social mobility is very low and it's been stagnant for at least a couple of decades. The land of opportunity, the USA, is at the very bottom. So we often say if you would like to live the American dream go to Norway.

Emeritus Professor Richard Wilkinson:

I think that if we'd just said that problems that are worse in your most deprived areas are worse in more unequal countries you'd probably think that's just because maybe there are more poor people in more unequal countries and they have higher rates of these things and that pushes the average up. That's not the most important explanation.

Most of the effects we've been showing you are because everyone does worse in more unequal societies. You can tell that in a way just from what you've seen. Kate has been pointing out how big the differences are, tenfold differences in imprisonment, eight or tenfold

differences in teenage birth rates, huge differences in some of the other variables. That can't all be driven by the bottom 10% of the population or something like that.

And why the differences are so great is, as I said, that even the middle class does less well. So on your given level of education, your given income, you would do better, you'd live a bit longer, your children would do a bit better at school, would be less likely to get involved in drugs, you'd be less likely to be a victim of violence, if you lived in a more equal society.

But you don't just have to infer it from that. This [refers to PowerPoint Presentation] allows us to compare infant mortality rates between England and Wales and Sweden. Sweden, of course, is much more equal than England and Wales. On the left you've got social class – number one at the top are the professional occupations and directors of larger companies, doctors, lawyers, people like that. Going down to social class five are unskilled manual workers and then, because it's a classification by father's occupation, single parents are on their own. But what you see in that graph is that Sweden does better right across the social hierarchy. The difference is the biggest at the bottom of society, but even at the top they do a little bit better than us. We think this is a fairly general pattern.

I'll just show you one other example. This [refers to PowerPoint Presentation] is literacy scores of children, comparing Sweden, Canada and the USA. They are scores of young people, 16 to 25 years old. They are arranged along the bottom according to how many years of education their parents have had.

So at the top right you see the children of well-educated parents are nearer the top of society. You see even there you do a little bit better if you're in Sweden, a more equal country, than in Canada, and then Canada does a little bit better than if you're in the US.

But the big difference is at the bottom end of society, where inequality makes a huge difference in the literacy scores of these children.

In this graph [refers to PowerPoint Presentation] you see the same fanning out as you did in the graph showing infant mortality in England and Wales compared with Sweden. The

difference is biggest at the bottom but even at the top there is a small advantage in being in a more equal society.

We've looked at this now in a number of different data sets and other researchers have looked at it too. I think if you're going to generalise this is the closest you can come to a reasonably good generalisation: that equality benefits almost everyone and makes most difference to people at the bottom end of society. So we all have an interest, we think, in greater equality.

I want to come back to that index we showed you earlier for several reasons. The first is to point out that it's always the same countries that do badly – always the USA at the top, then Portugal, UK, New Zealand and Australia not so far behind. At the other end it's always the Nordic countries and Japan that do well.

So what we're looking at is not just one or two things going wrong in more unequal societies, but most things going wrong. It's a sort of pattern of a general social dysfunction – quite different problems that people don't normally think of as related to each other seem to be going wrong in the same societies or right in the same societies. As I say, very big differences.

But the other thing we need to look at is whether there are other ways of explaining this. Are we right to emphasise inequality all the time?

Well, I think the first thing is that it's rather hard to find ways of explaining away such close relationships as this. Also, remember that the relationships with health have been shown perhaps in 200 different research papers in different countries, different societies around the world. So this isn't just something to do with a particular set of countries. It's a very general truth I think.

But there are actually some remarkable contrasts. If you look at Portugal [refers to PowerPoint presentation], it's the second from the top on the right, and its close neighbour Spain is pretty near the middle of that distribution. Spain and Portugal share so much in terms of culture. They're close neighbours. They both had dictatorships until the mid-1970s. But they now do so differently.

We can take as another interesting contrast Sweden and Japan, both at the good end, both more equal societies that perform well on the these sorts of outcomes.

But they get that greater equality in quite different ways. Sweden has larger income differences in earnings and then they redistribute through high taxes and benefits and so on. That's how they get their greater equality. Japan has much smaller differences in incomes before taxes, smaller differences in earnings.

We find rather the same contrast amongst the American states. A state like New Hampshire does well, not because it has high taxes, it doesn't. It has very low ones. But because its income differences before taxes is small. So it looks to us as if it doesn't matter how you get your greater equality as long as you get it somehow.

I should make a few points about causality very quickly. The first is that we're not really making a big leap in saying that this is about inequality. We've said that all these problems are problems that have social gradients. We know they're related to social status within our societies. But all we're saying is they get worse if the status differences get bigger.

If you're going to try and explain it away without reference to inequality it's quite difficult to think of something which would explain why obesity and homicide and imprisonment and any of these other problems all moved together. You have to think of a common cause. The fact that they do move together suggests there's a common cause such as inequality.

I think to suggest that the causality goes the other way around is really implausible because first you would have to have another explanation of something that moved all those different problems together.

But I do accept that you will sometimes get changes in inequity that are driven by, as in the 1980s, a new political ideology, a new economic philosophy, Monetarism, Neoliberalism, whatever you want to call it – the kind of ideas that came in with Thatcher in Britain and Reagan in the United States which led to a big rise in inequality. They brought down top tax rates, they changed trade union legislation, they put in place a number of changes which increased inequality.

But although they thought that didn't matter, they never intended to raise levels of violence and drug abuse and lower literacy scores and all these kinds of things. Those are all the unintended consequences of the rise in income differences that took place.

So you can have ideological changes that drive this in the political sphere. But why all the other problems follow suit is because of the intervening role, the causal role of income inequality.

The only thing I thought of which might explain this away without reference to inequality was that maybe the idea that some people suggest that our broken society, a common description of Britain's state at the moment, with high rates of a number of these problems, is due to broken families.

We collected data on the proportion of parents who are single parents in each country. You find no relationship at all between the proportion of parents who are single in each country and that UNICEF index of child wellbeing.

Countries that have fairly high rates of single parenthood, like some of the Scandinavian ones, Sweden and so on, manage to keep their single parents out of relative poverty. That seems to mean that they have much better outcomes than they do in countries like the USA, Britain and New Zealand, where there are very high rates of relative poverty amongst single parent families.

I should say a few words about why we are so sensitive to inequality. I think it's surprising to see that it makes such a big difference. The important change in our understanding of health that's come out of research over the last probably 20 years is how important psycho-social risk factors are for health, that health isn't bad in more deprived groups simply because of the direct effect of bad housing or diets or whatever. It's also bad because of what people feel about their circumstances. Feeling stressed and depressed, feeling high levels of anxiety, worrying about things and so on. Those seem to be important mediators between the objective conditions and people's health.

Most important amongst these psycho-social risk factors are these three we've put down here: low social status, weak social affiliations (by which we mean poor social relationships, having few friends, being rather isolated – that's an important risk factor for health), but also stress in early life, both maternal stress in pregnancy affecting child development and also things like domestic conflict, all the things that psychologists have told us are harmful for child development.

I think you could regard all these things, these three risk factors, as perhaps reflecting one underlying social anxiety, that maybe the anxieties that come from low social status exacerbate the anxieties, the stresses, the sense of not feeling valued that might come from a difficult early childhood. There are some statistical results that suggest one exacerbates the other or offsets the other.

Friendship fits into that pattern because if you have friends you feel better about yourself, you get positive feedback. Whereas if people exclude you, don't invite you to things, don't sit next to you, if you feel excluded and ignored, we all have those self-doubts about feeling perhaps stupid, socially gauche, unattractive, all those kinds of things that come crowding in.

So we think that close to the centre of the causal processes are people's anxieties about how they are seen. The issues to do with respect, disrespect, feeling looked down on, devalued, as opposed to the top of the social hierarchy to feeling valued and appreciated, successful.

This [refers to PowerPoint presentation] is an experiment done by people at the World Bank with children from high and low castes in India. They were asked to solve mazes on bits of paper. The question was how many of these mazes could they solve on bits of paper in a given time.

They did them under two conditions. In the first case the high and low caste children didn't know which caste the others belonged to. They did equally well. But then they did them after caste was made clear. They'd had to say which village they came from, what their father did, things like that. Immediately everyone knows who the low caste children are. They do less well, a big gap opens up in performance.

We know from lots of different work of this kind that human beings are very sensitive to this stereotyped threat. It's to do with how you're seen. People have done it on different ethnic groups, different classes, also looking men and women. You can make women perform less well by suggesting that they're often thought to be less good at a particular kind of thing, spatial problems or whatever. Lots of evidence suggesting we are highly sensitive to these kinds of social stereotypes and being regarded as less capable or inferior.

It's also the reason why violence is more common in more unequal societies. It's not the poor attacking the rich. This quote [refers to PowerPoint presentation]comes from James Gilligan, an American prison psychiatrist who worked for 25 years daily with really violent men. If you look at the beginning of that second paragraph he went as far as to say that he is yet to see a serious act of violence which was not provoked by the experience of feeling shamed and humiliated, disrespected and ridiculed. These are the common triggers to violence. I think in a society where there are bigger status differences, more status competition, people are more sensitive to how they're judged, how they're seen, whether they're being looked down on and disrespected.

In a way, I suppose, what we're saying is if you have second class goods the theory is that you're seen as second class person. That's how, perhaps, the income differences play such an important part in this picture.

I should lastly say that I think you need a two-stage model of how these things get into us. There is the adult experience of the kind of society we live in, our social status, how we are seen by other people, how cooperative, how supportive, how competitive our society is.

But then the adult experience of these difficulties is passed onto children. I think one has to regard parenting almost as a mechanism through which parental experience of adversity is passed on to children. Children who had a difficult start in life are not simply damaged but they're in a sense prepared for a different kind of world. The early sensitivity isn't just an evolutionary mistake. It exists to give children a taster of the kind of world they're growing up in.

Are they growing up in a world where they have to watch their back, fight for what they can get and learn not to trust others because we're all rivals? Or are they growing up in a society where it depends on cooperation, on reciprocity, on empathy, where their security depends on maintaining good relationships with other people. Those two extremes involve a completely different emotional and cognitive development.

So I think you need a two-stage idea of this, getting into adults, maybe young men coming onto the labour market, low wages and high unemployment, you'll get a rise in violence. But then kids who are brought up with more violence become violent as adults.

Let me just show you what's been happening to inequality in Australia. You've had a very long term rise in inequality, as have many other countries, from the early 1980s up until the mid or late 1990s, a big rise in inequality. Although that graph [refers to PowerPoint presentation] shows the ratio of the top 80% to the bottom 20% it's not quite the same measure as we showed in our graph earlier. It's not the average of the top and bottom. It's the cut point between the top and the bottom 20%. But anyway the trends are shown just as clearly. The measure makes little difference.

I think it's remarkable how often we think in terms of the next little graph [refers to PowerPoint presentation], again and again people think you have to give incentives to the rich in terms of more pay to make them work harder but again and again are fearful that it works the other way around amongst the people at the bottom of our society.

We've given you a brief outline of what's in our book. We've started something called the Equality Trust to try and make this evidence better known. You can download most of these slides and please do use them if you want to. In our book we have a chapter on each of these different health and social problems explaining the causal processes involved in each and showing the data, both for the American states and the international picture.

But I think that the take home message is we need to stop thinking about improving the quality of our lives or the strength of our communities by more economic growth. That is not

what we need. Indeed we know we're running into the environmental limits of growth and we have to rein in consumerism.

The way now to improve the real quality of life in our societies is to improve the quality of the social environment, the social relationships, and to remember that we can do that remarkably simply. You can improve the psycho-social wellbeing of whole societies by reducing the scale of the income differences between us, the status differences that people have always intuited are divisive and socially corrosive. That's all our data shows, that that intuition is absolutely right and truer than we ever expected.

Thank you very much.