



Children with father in Refugee village

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## Inequality and the Wellbeing of Adults and Childhood in Rich Countries

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### SUMMARY

Research has shown that in the rich countries measures of the quality of life among both adults and children are no longer correlated with national income per head (Gross National Income per head). They are, instead, closely related to the level of equality in each country. These findings have recently been published by Richard Wilkinson and Kate Pickett in their book *'The Spirit Level, Why More Equal Societies Almost Always Do Better'*.

This book is the product of decades of research which started out from attempts to understand the major health differences between different social classes, income or educational groups. It has led, amongst other things, to the insight that rich countries can no longer rely on economic growth for further improvements in the quality of life. Rather, increased societal well-being must be built on greater economic equality.

The authors highlight that economic inequality is the source of almost all of our social problems – or at least of all those which tend to become more common lower down the social ladder. Solving these problems depends upon our ability to reduce economic inequality.

The social conditions that Wilkinson and Pickett link to economic inequality include problems such as violence, child wellbeing, mental illness, drug abuse, incarceration rates, teenage births, life expectancy, health expenditure and educational failure. As well as being more common among the poor than the rich in each country, measures of all these problems are much worse in more unequal countries.

Many argue that higher income and living standards will "raise the level of the lake for all the boats". However, Wilkinson and Pickett demonstrate that these social problems have little relation to levels of average incomes. Their efforts reveal not only a direct relationship between economic inequality and the level of social problems, but that wider income differences are harmful to the health and wellbeing of almost everyone in the society, not only the poor.

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*"The truth is that the vast majority of the population is harmed by greater inequality. Inequality is the common denominator and a hugely damaging force."*

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## Recommendations for Policy Makers and Members of the European Parliament

To improve the quality of childhood we need to make our societies more equal.

There are two different approaches to making societies more equal. Greater equality can be gained either by using taxes and benefits to redistribute very unequal incomes, or the scale of differences in earnings before taxes and benefits can be reduced so there is less need for redistribution. We need to take both approaches. We must also take measures to establish equality more deeply in our societies. On our website [www.equalitytrust.org.uk](http://www.equalitytrust.org.uk) we outline different ways of increasing equality.

### Material wealth has not solved the problems of our societies

"It is a remarkable paradox that, at the pinnacle of human material and technical achievement, we find ourselves anxiety-ridden, prone to depression, worried about how others see us, unsure of our friendships, driven to consume and with little or no community life. Lacking the relaxed social contact and emotional satisfaction we all need, we seek comfort in over-eating, obsessive shopping and spending, or become prey to excessive alcohol, psychoactive medicines and illegal drugs. How is it that we have created so much mental and emotional suffering despite levels of wealth and comfort unprecedented in human history?" (*The Spirit Level*)

### There is a strong correlation between a country's level of economic inequality and its social outcomes

We, in the rich countries, are the first generation to have got to the end of the real social and human benefits of economic growth. For thousands of years the best way of improving the quality of human life has been to raise material living standards but in the rich countries economic growth has now finished its work. Economic growth no longer improves happiness, health or wellbeing.

In contrast, inequality causes shorter, unhealthier and unhappier lives; it increases the rate of teenage pregnancy, violence, obesity, imprisonment and addiction; it corrodes the social fabric and the quality of social relationships throughout society but, by increasing status competition it functions as a driver of the consumerism which stands between us and sustainability.

On almost every indicator of the quality of life or deprivation there is a strong correlation between a country's level of economic inequality and its social outcomes. Japan and the Scandinavian countries almost always score the best. Better, for example, than the United Kingdom, the United States of America and Portugal, which come near the bottom of the list of rich countries. The continental European countries and Canada, with middling levels of inequality, are usually in the middle of the statistical outcomes.

The following graphs demonstrate the points I have made so far:

### Only in its early stages does economic development boost life expectancy

There is no longer any relationship between the levels of national income per person and life expectancy, although life expectancy continues to improve, see the graph below:

`Graph to follow

In his book *"Happiness, Lessons from a New Science"*, Richard Layard shows that the same is true for measures of happiness. It is clear, in addition, that within the rich countries levels of wellbeing no longer rise with economic growth. Levels of well-being have remained unchanged even over long periods when average real incomes double – see the graph below:

`Graph to follow

Increasingly, people are worried by a wide range of social problems. Although our societies seem materially very successful, they have many social failings. Problems such as drug abuse, violence, teenage pregnancy and mental illness remain common or are increasing. Something is going wrong with the development of our societies. We tend to blame teachers, parents, churches or ask for more services to deal with the symptoms. When the crime rates increase we ask for more police, when health problems increase we ask for more doctors. All these services are not only expensive but they are only very partially effective. For example, life expectancy in rich developed countries is unrelated to expenditure on medical care. Medical care may be important to people's quality of life, but it is not important to the length of life. This is partly because the vast majority of medical expenditure is consumed during the last few years of a person's life.

### The importance of income within our societies and the lack of importance of income between our societies

There is an extraordinary paradox, a paradox of the relationship between the importance of income within our societies and the lack of importance of income between our societies.



Figure 1.4 Death rates are closely related to differences in income within societies.

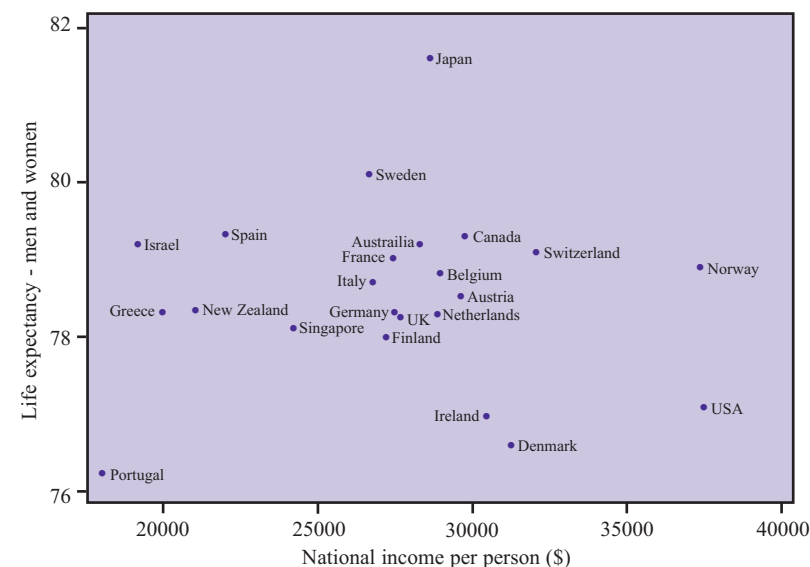


Figure 1.3 Life expectancy is unrelated to differences in average income between rich countries.

To illustrate this let us compare Greece and the U.S.A. People in the U.S.A (on the right hand side of the graph) can buy twice as much as people in Greece (on the left hand side of the graph), but yet this has no effect on life expectancy. In contrast, within each of our societies there is a gradient of social well-being related to social status which runs right across society – from top to bottom. Rather than being a problem of the poor, relative to the rest of society, health and wellbeing improve at every step up the social scale. The implication of this paradox is that what matters within societies is not absolute material living standards regardless of others, but relative income, social status and social position, in other words "where we are in relation to each other".

### Overview of inequality among rich countries

What happens if these differences in income become wider, or narrower? The figures used in the following graphs show the differences in income inequality among the rich developed countries. The measure we used was: How much richer are the top 20% in each country than the bottom 20%?

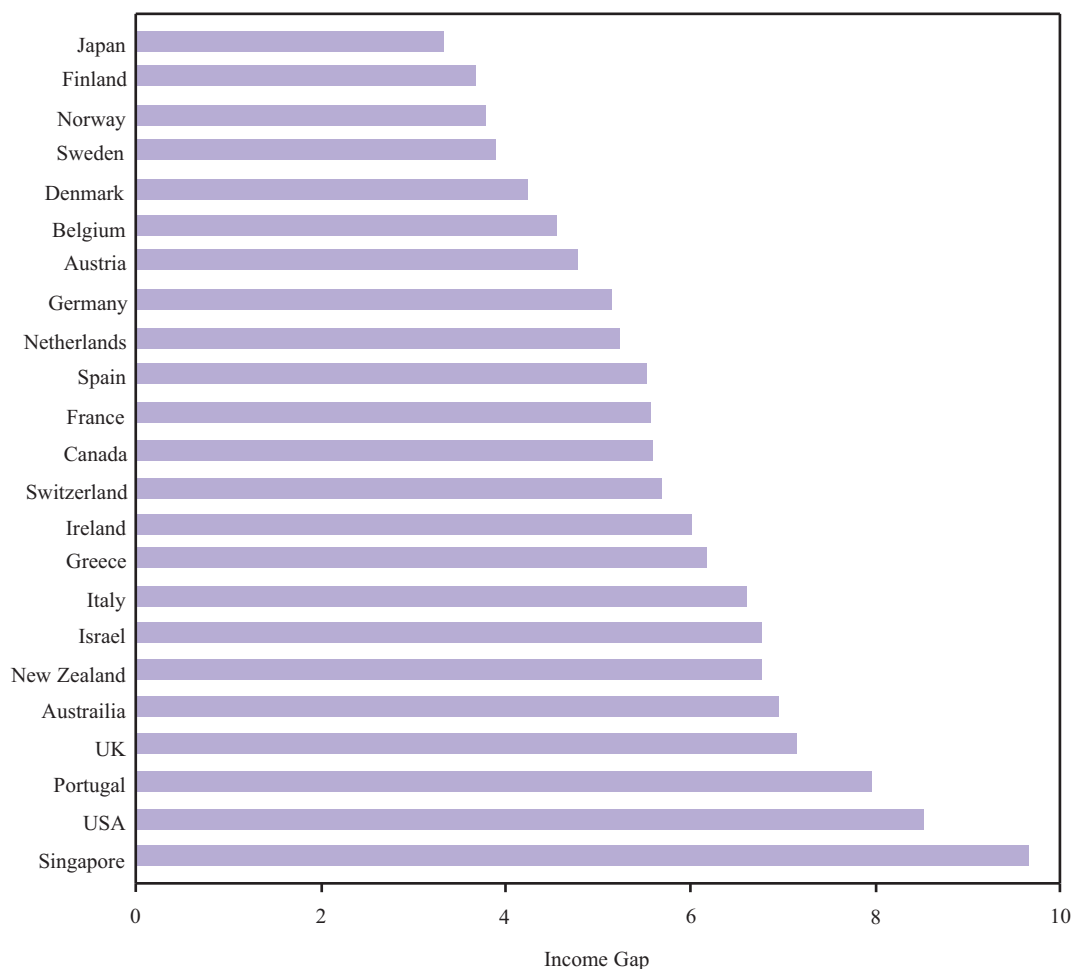


Figure 2.1 How much richer are the richest 20% than the poorest 20% in each country?

In the more equal countries like Japan, Finland, Norway, and Sweden the top 20% are three and half or four times as rich as the bottom 20%. But in the more unequal countries like Australia, the U.K, Portugal and U.S.A, they are eight to nine times as rich. This means that on this measure some of the rich countries are twice as unequal as others.

### A basket of health and social indicators related to inequality and income per head

We collected internationally comparable measures of the major health and social problems with social gradients. All the data came from the most reputable sources – from the World Bank, the World Health Organization, the United Nations, the Organization for Economic Cooperation and Development (OECD) and others. We found data on the following items:

- Level of trust
- Mental illness
- Life expectancy
- Infant mortality
- Obesity
- Children's educational performance
- Teenage births
- Homicides
- Imprisonment rates
- Social mobility

We put all these together to make up one Index of Health and Social Problems – all weighted equally, to give each country a combined score of its health and social problems. The first graph below shows that there is a very strong tendency for more unequal countries to do worse on these outcomes. In contrast, the second graph shows that how common these problems are in each country is unrelated to differences in national average income. Repeating the analysis among the 50 American states showed a very similar tendency for more unequal states to do less well.

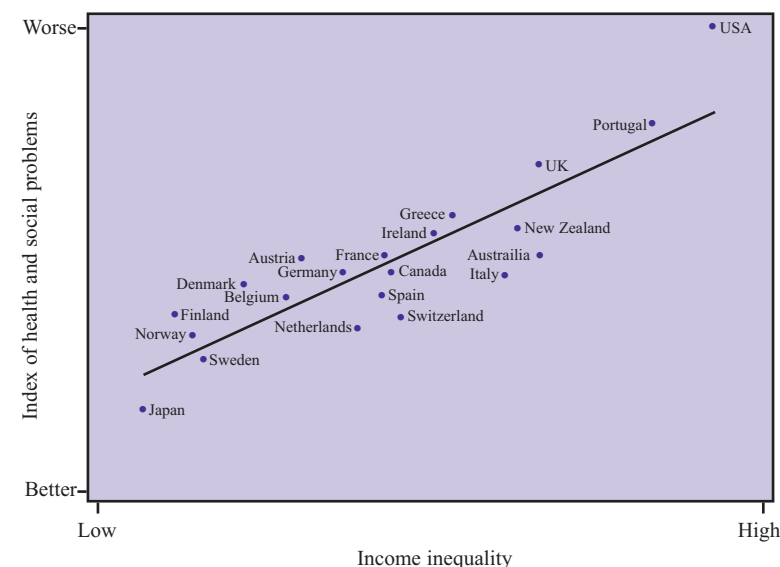


Figure 2.2 Health and social problems are closely related to inequality among rich countries



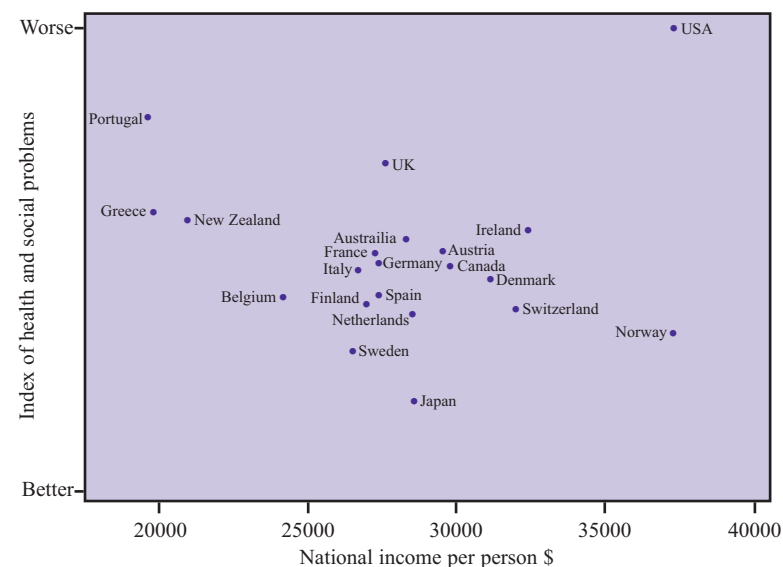


Figure 2.3 Health and Social problems are only weakly related to national average income among rich countries.

#### The UNICEF Index of Child Well-being provides the same picture

To make sure that no one would think our findings were merely a chance reflection of the problems included in our index we also looked at the UNICEF Index of Child Well-being in Rich Countries. This index has forty different components – it covers almost every aspect of child wellbeing. The figure below shows a very strong tendency for child wellbeing to be less good in more unequal countries.

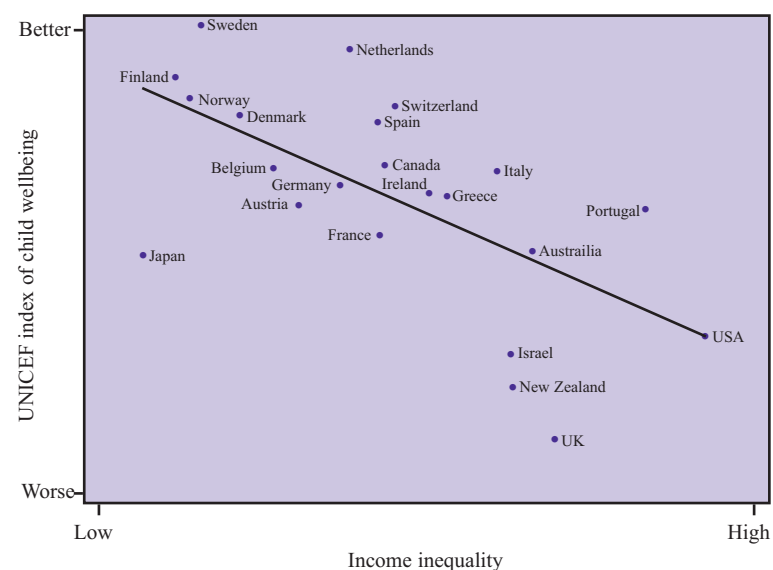


Figure 2.6 The UNICEF index of child wellbeing in rich countries is related to inequality

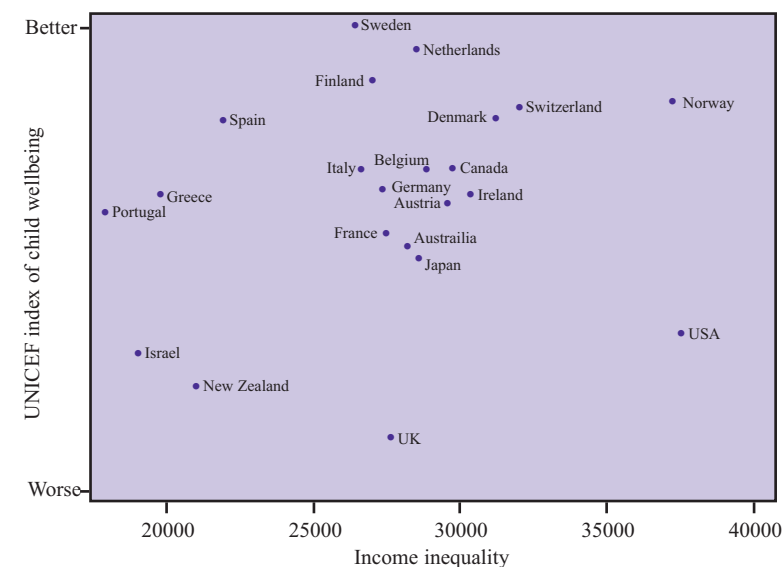


Figure 2.7 The UNICEF index of child wellbeing is not related to Gross National Income per head in rich countries

To emphasize that the prevalence of poor health and social problems in whole societies is related to inequality rather than to average living standards, it can be seen that the index of child wellbeing, like our index of health and social problems among adults, is unrelated to average national income.

#### To increase income per head does not lead to an improvement in the well-being of children

For the rich countries to get richer makes no difference to the wellbeing of children. The problem of child poverty is a matter of inequality, not of living standards. If the incomes of the rich increase faster than the incomes of the poor, economic growth will not improve child wellbeing.

Let us look at some of the individual measures that we considered:

#### Trust

The percentage of people agreeing that "most people can be trusted" is higher in more equal societies: more than 60% of the population in some more equal countries agree that people can be trusted compared to less than 20% in some of the more unequal countries. (See p. 52, fig. 4.1\*).

#### Mental Illnesses

More people suffer from mental illness in more unequal countries. (See p. 67, fig 5.1\*). The data for these countries was compiled by WHO to allow people to compare levels of mental illness between countries. In some of the more equal countries only about 8% of the population suffered any mental illness in the year before the surveys. In the more unequal countries the rate was three times as high.

### Infant Mortality

This is related to inequality in rich countries (See p. 82, fig. 6.4 and p. 83, fig. 6.6\*),

### Drug abuse

Figures from the UN Office on Drugs and Crime show that the use of illegal drugs is more common in more unequal countries (See p. 71, fig. 5.3\*),

### Teenage birth rates

This figure is higher in more unequal societies (See p. 122, fig. 9.2\*), from 5 births per thousand teenage women in Japan to over 50 births per thousand in the U.S.A. Within countries teenage birth rates are of course very closely related to relative deprivation.

### Homicides

This phenomenon is more common in more unequal countries (See p. 135, fig 10.2\*). There are about 15 homicides per million in Japan and over 60 homicides per million in the U.S.A. A large number of research reports in the academic journals show that violence is more common in more unequal societies. The graph below shows murder rates in Chicago compared with England and Wales. In both places murder rates peak in the late teens and early twenties for men while rates for women remain much lower at all ages. The age and sex distribution in Chicago is astonishingly similar to that in England and Wales. However, what is less obvious is that the scales on the left- and right-hand sides of the graph are very different. Despite the similar age and sex profile, murder rates are fundamentally different in these places: the city of Chicago had a murder rate 30 times higher than the rate in England and Wales.

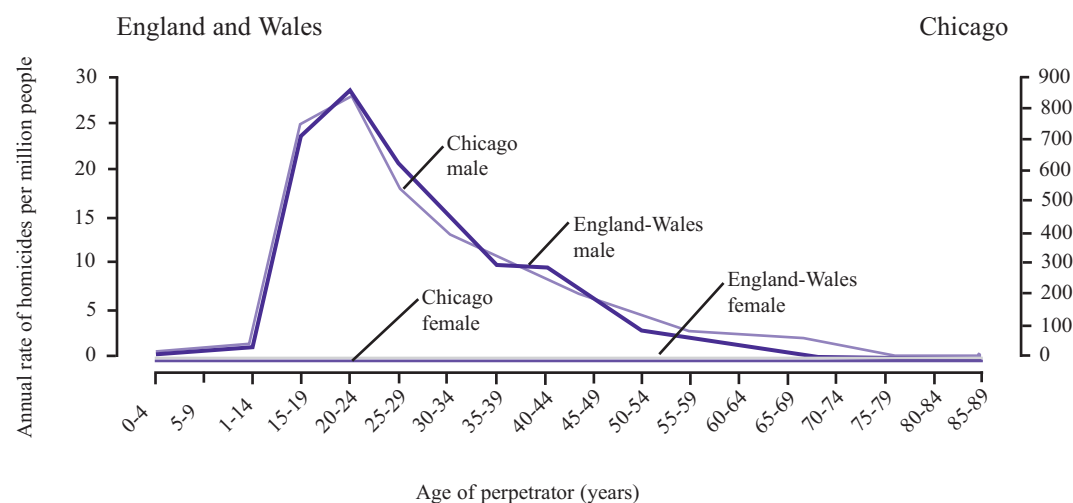


Figure 10.1 Homicides by age and sex of perpetrator. England and Wales compared with Chicago.

### Imprisonment

Many more people are imprisoned in more unequal societies. Some of the rich market democracies lock up 10 times the proportion of their population than others do. Most of the difference is a result of more punitive sentencing in more unequal countries. For example, in California there are 300 people in prison for life for shoplifting. The death penalty also tends to be more common in more unequal societies. Even the prison regimes tend to be harsher in more unequal societies.



Figure 11.1 More people are imprisoned in more unequal countries

Could there be other explanations for the correlation between inequality and the basket of health and social outcomes?

- An explanation for the graph that shows that the number of health and social problems in unequal societies is higher than in equal societies could be due to the fact that more unequal countries have more poor people and therefore this leads to that society having more problems. However, this cannot be seen as the main reason. Almost everyone benefits from a greater equality. The differences in the scale of health and social problems is too big to be explained by differences in the incidence of these problems among a poor minority alone. For example, death rates among working-age men are lower in all occupational classes in Sweden compared to England and Wales. The same was found when comparing the rates of illness between the U.S.A and the U.K. A study which compared various health measures, including death rates, just among the white population in the U.S.A and England and Wales found that health was worse in each educational group in the U.S.A than in the same educational group in England and Wales. In addition, there are a number of studies using multilevel models which find effects of inequality even after controlling not only for the incomes of the poor, but for the number of people at each level of individual income right across society.

- It has been suggested that one explanation of the differences between equal and unequal societies might be that it is a special problem found only in English speaking countries. (See p. 176\*) But that does not explain the question as a whole, because there are other countries with the same problems, that are not English speaking, such as Portugal. If the English-speaking countries are taken out of the equation the graph and the conclusions remain the same. Lastly, some of these relationships – such as those between health or violence and inequality – have been found in many other settings.
- On the other hand both Sweden and Japan do well despite being so different from each other in so many different respects: in social structure, the status of women, the size of the welfare state in Sweden.
- Another suggested explanation is that what matters is not so much the inequality itself as the historical factors which led societies to become more or less equal in the first place – as if inequality stood merely as a statistical monument to a history of division. (See p. 179\*). There are of course always historical explanations of why some countries, states or regions are now more or less equal than others. But the prevalence of ill-health and of social problems in those societies is not simply a reflection of so many unique stories. It is instead patterned according to the amount of inequality which has resulted from those unique histories. What seems to matter therefore is not how societies got to where they are now, but where – in terms of their level of inequality – it is that they are now.
- The relationships we have shown are too strong to be attributable to chance and most of them have previously been demonstrated by others in different contexts. The relationships between inequality and both violence and health have been particularly thoroughly researched and have been found in quite different settings, using data from different sources.
- Instead of inequality causing everything else, could it be that it all works the other way round so that health and social problems cause bigger income differences? The first difficulty with that approach is that it does not explain why societies that do badly on any particular health or social problem tend to do badly in most of them. The fact that quite different health and social problems move together – tending to be consistently better or worse in each country – implies that they have a common cause. If they are not all caused at least partly by the same thing, then there would be no reason why countries which, for instance have high obesity rates, should also have a high prison population. Another obstacle to the hypothesis that causality runs in the opposite direction is that not all the problems related to inequality could plausibly contribute to greater income inequality. Some are unlikely to lead to a serious loss of income. Using the UNICEF index it was shown that many childhood outcomes were worse in more unequal societies. Things like low child well-being, more juvenile obesity or violence, are unlikely to contribute to inequality among adults.
- Another approach is to suggest that the real cause is not income distribution but something more like changes in ideology, a shift perhaps to a more individualistic economic philosophy or view of society, such as the so-called “neo-liberal” economic and political thinking. When neoliberalism became influential, Thatcher and Reagan not only

tolerated widening income differences but also contributed to them by reducing top tax rates and changing trade union legislation. However, although they thought that widening income differences did not matter, they never intended to contribute to a rise in all the social problems related to wider income differences. That was an unintended consequence of increasing inequality. Perhaps if they had known about its likely effects on trust, social cohesion, teenage births and violence they would have thought again.

### **Concluding Remarks: three intensely social risk factors**

- Over the last quarter of a century there has been a major change in our understanding of the determinants of standards of public health in rich countries. Health is related to our social and material circumstances not primarily because of how our physical circumstances affect us directly, but through what we feel about our situation and the way conditions such as depression, anxiety and hopelessness lead to chronic stress. Chronic stress increases our vulnerability to so many forms of ill health that its effects have been likened to more rapid ageing. Low social status seems crucial here.
- Another major psychosocial influence on health is friendship. Almost any measure of social connectedness, including participation in community life, is highly protective of health. A recent meta-analysis of studies suggests that poor social integration has at least as powerful an influence on health as smoking. These conclusions are supported by experimental work as well as by large scale epidemiological studies.
- The third major group of psychosocial risk factors for health centre on childhood experience and early life. What psychologists have always said about the importance of early experience for cognitive and emotional development seems to be underpinned by biological effects of early stress. Domestic conflict, poor attachment and lack of attention seem to tune stress responses and a number of related processes affecting health and behaviour.

But there is perhaps one element – we might call it a kind of social anxiety – lying behind all three of these groups of psychosocial risk factors. The effect of a difficult early childhood may not be so unlike the effects of low social status – both may increase insecurity, anxiety and feelings of not being valued. Friendship fits into the picture because friends provide positive feedback and reassurance. If people enjoy your company, it makes you feel better about yourself. But if you feel people avoid you, do not include you in things and choose not to sit next to you, we all become filled with self-doubt, fear that we are unattractive, boring or stupid. Perhaps the most common source of chronic stress in modern mass societies centres on our worries about negotiating social relationships, on how we are seen by others.

As human beings we depend on a learned culture and behavior and we learn how to behave in acceptable ways within our culture by being very sensitive to the eyes of others. Indeed we experience ourselves through each others eyes. Shame and embarrassment have been called the social emotions because it is our sensitivity to them which makes us conform,

behave in acceptable ways and avoid making fools of ourselves. It seems likely that inequality increases social status competition, making us judge each other more by social position and becoming more prey to social evaluation anxieties.

This explanation of our sensitivity to inequality fits well with the reason why violence is more common in more unequal societies. Describing the most common triggers to violence, James Gilligan, an American prison psychiatrist, said: "I have yet to see a serious act of violence that was not provoked by the experience of feeling ashamed or humiliated, disrespected and ridiculed and did not represent the attempt to undo this loss of face."

To really understand the effects of inequality we need a two level model. We need to understand how adults pick up on the nature of the social environment – how important status is, their social status or class position, how competitive or cooperative people are. But we also need to understand how the quality of the social environment is passed on to the children. Parenting has to be regarded almost as an evolved system to pass on the experience of how cooperative or competitive social relations are in a given society, passing on the parental experience of adversity. The early sensitivity of children to the quality of care and nurturing is not an evolutionary mistake, leading some children to end up damaged. A period of special sensitivity to the early environment exists in a great many species, and its function is to provide a process of adaptation to the kind of world adults will have to deal with. In humans it is about adapting to the nature of the social environment. Whether a child is growing up in a world where it needs to fight for what it can get and learn not to trust others because people are rivals, or whether it is growing up in a world in which it will depend on reciprocity, cooperation, trust and empathy, will require quite different patterns of emotional and cognitive development. What seems to make the difference is whether children become highly socialised through close, loving, social interaction, or whether they experience a depressed mother, poor attachment and domestic conflict.

### Questions:

*Taking into consideration the findings of your research, in the long term what are the best strategies for a country to take to improve the quality of life and the quality of childhood?*

Increase equality! There are different ways of doing this. You could either do it through taxes and benefits or you could reduce differences in earnings before tax. I think we need to tackle inequality in both ways. Although the quickest way is probably to increase taxes and benefits I think that is a short term measure which can all too easily be reversed. We need to establish equality more deeply in our societies. It is at work where income inequality is first created and it is at work where we are most subject to hierarchy. We must find ways of democratizing the institutions we work in. If we want to rein in the bonus culture and the obscenely high incomes at the very top, we need to expand the sector of our economies made up of friendly societies, mutuals, employee owned companies, producer and consumer cooperatives. We need to move our custom to these kinds of organizations and to

companies which operate with smaller income differences. The bonus culture has only been possible because people at the top felt they did not have to answer to anyone. We have to change that by shifting the balance of accountability of our economic institutions away from rich share holders towards employees and local representatives. For further details, take a look at our web page ([www.equalitytrust.org.uk](http://www.equalitytrust.org.uk)). There we outline different ways of increasing equality. You could start directly by changing small things, such as choosing telephone and electricity companies which are either producer or consumer cooperatives or have smaller income differentials within them. It has been said that an employee buy-out can change a company from a piece of property into a community and studies show that these kinds of companies often enjoy higher productivity. The changes we need are not going to be won overnight, to produce a society capable of improving the quality of life for all of us will take a sustained social movement lasting for ten or twenty years.

*When looking at the developments in EU-countries we can see that the countries that we saw in your graphs which are doing best with regard to equality are not taken as role models by other countries when deciding about future ways to organize their societies. Unfortunately it is the more unequal countries that tend to serve as role models.*

That is why it is important to increase public understanding of the damage which inequality does to the lives of the vast majority of the population. Reducing carbon emissions requires a fundamental change of direction in how our societies are developing. Rather than ever-increasing consumerism driven by status competition, the best way of improving the real quality of life now is by improving the quality of social relations. The exciting thing is that we now know that we can improve the psychosocial wellbeing of whole populations by reducing income differentials.

*Do you think income is the best measure of social status in a society?*

I think it is very fundamental; it is about access to scarce resources at a very fundamental level. That is what ranking systems among animals are about. We could try looking at differences in wealth rather than income, but internationally comparable figures on the distribution of wealth in different countries are still in their infancy. But income is powerful because people use income to express status differences or position in the social hierarchy. Bigger material differences lead to bigger social distances. If you think back to times when social status was defined by "blue blood", inheritance and so on; if somebody drank his money away he and his family would be seen as "genteel poor" for perhaps a generation, but the next generation would be just poor. And similarly, if somebody made money or "married up", he would be seen as "nouveau riche" and not be immediately accepted into the higher bracket of society, but his children would be. Consider the current situation in Russia, with the oligarchs and the huge differences in income between the rich and poor. Once the children of the oligarchs have been brought up in huge mansions, sent to special schools and travelled the world, they will see themselves – and be seen as – superior to other. Material differences perhaps provide the framework to which all the different



markers of social status attach themselves. We express our status by the clothes we wear, the books we read, by the education we have and so on.

*Could there be other explanations of the differences between all these countries than just inequality?*

Yes, if it was the only thing, then the data would line up perfectly. But as I have shown you, on some graphs there is a wide scatter of points only loosely related to inequality. This suggests that there are also other powerful influences on those outcomes. What we argue is not, of course, that inequality is the only cause of the health and social problems we looked at, but that it is a common cause of all of them.

Why the relationships are so close when we put them together in the health and social problem index is because that emphasizes what they have in common. Inequality becomes the main element in the index because that is what all the parts have in common.

It is so important to emphasize inequality because it affects so much in our societies.

Until now we have been looking at all these social problem one at a time. Typically, researchers and policy makers have treated each of these problems as if they were quite separate and unrelated to each other.

#### A final quote:

*(We should not) "...allow ourselves to be cowed by the idea that higher taxes on the rich will lead to their mass emigration and an economic catastrophe... Economic growth is not the yardstick by which everything else must be judged. Indeed we know that it no longer contributes to the real quality of our lives and that consumerism is a danger to the planet. Nor should we 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.*

*Rather than adopting an attitude of gratitude towards the rich, we need to recognize what a damaging effect they have on the social fabric. The financial meltdown of late 2008 and the resulting recession show us how dangerous huge salaries and bonuses at the top can be. As well as leading those in charge of our financial institutions to adopt policies which put the well-being of whole populations in jeopardy, the very existence of the super-rich increases the pressure to consume as everyone else tries to keep up. Increased inequality led people to reduce their savings, increase their bank overdrafts and credit card debt, and arrange second mortgages to fund consumption. Reducing inequality...would ... make a major contribution to social and environmental sustainability' (The Spirit Level, page 262\*).*

\* *The Spirit Level - Why more equal societies almost always do better* by Richard Wilkinson and Kate Pickett

#### Professor Emeritus Richard Wilkinson

Richard Wilkinson has played a formative role in international research on the social determinants of health and on the societal effects of income inequality. His work has been published in many languages. He studied economic history at the London School of Economics before training in epidemiology. He is Professor Emeritus of Social Epidemiology at the University of Nottingham Medical School, Honorary Professor at University College London and a Visiting Professor at the University of York. Richard Wilkinson wrote *The Spirit Level* with Kate Pickett and he is a co-founder of The Equality Trust.