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Inequality and Social Evil: Wilkinson and Pickett on *The Spirit Level*

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Inequality of wealth and income has always been criticized and sometimes denounced in Christian ethics. The Old Testament conception of a periodic Jubilee (Leviticus 25: 8-34) is informed by two powerful ideas that were rare, if not completely unknown, elsewhere in the ancient world: the *ethical* insight that inequality is unjust, and the *analytical* insight that starting from a position of equality, differential ability and luck will produce significant inequality after a generation or so which may therefore become hereditary. Jesus began his ministry by announcing the fulfilment, in himself, of the Jubilee message (Mark 4: 16-21). He spoke approvingly of the poor and threatened the rich with Hell (e.g. Luke 16: 19-31). The Church Fathers condemned luxury, denied any natural right to private property, and sought redistribution through voluntary alms-giving. Though they tolerated some inequality as inevitable and as affording opportunities for virtue among both rich and poor, only Lactantius among them attempted to justify it (Viner 2003, 60-71).

It is hardly too much to say that all ethical consideration of inequality in the Christian West, and all political proposals for its cure, have their origin in the Levitical insights. Present-day reformers and social activists who believe themselves to be quite exempt from any religious influence are usually, if not the 'slaves,' at any rate the popularisers of some defunct theologian. Almost everyone now accepts the belief that inequality is unjust, or at the least requires some ethically convincing justification. And it is now widely believed that redistribution may provide some remedy.

The Spirit Level: Why Greater Equality Makes Societies Stronger, by Richard Wilkinson and Kate Pickett (2009) is the latest important contribution to this discussion. It reveals its ethical assumption in the title: 'strong' is good. For purposes of their argument, Wilkinson and Pickett (WP) are agnostic about justice. They themselves believe in 'fairness' but don't expect such beliefs, even if widespread, to cut much political ice (p. 247). Instead they appeal to utilitarian considerations: 'Greater equality is the gateway to a society capable of improving the quality of life for all of us' (p. 237). Their case is based on a detailed study, founded on much prior epidemiological research, of the relation between income inequality and social evil in advanced, capitalist democracies.

In what follows I shall first report and appraise the evidence that WP present, next consider problems of causation in relation to possible remedies for inequality, and finally raise some questions suggested by Christian theology.

I

Income inequality is related to various social evils in two samples: (a) the 23 richest countries in the world having populations greater than 3 million and which provide comparable data on income distribution (p. 301); and (b) the 50 states of the American union (p. 302). The measure of income inequality for international comparisons is the '20:20 ratio': the ratio of the richest 20% of the population to that of the poorest 20%. For interstate comparisons in the USA, it is the Gini coefficient (pp. 15-18). The incidence of each of the following social evils is correlated with these putative explanantia: level of (mis)trust, mental illness (including drug and alcohol addiction, life expectancy and infant mortality, obesity, children's educational performance, teenage births, homicides, imprisonment rates and social (im)mobility (p. 19). These individual explananda are also combined into international and interstate aggregate indices (HSP) of 'Health and Social Problems' (pp. 303-4), and likewise correlated with the inequality measures. The data are presented in scatter charts with fitted linear regression lines. The correlations are reported to be significant, and relevant statistics may be found at pp. 310-11, and on the Equality Trust website, www.equalitytrust.org.uk/research/methods.

WP begin by summarising their findings in figure 2.2 (p. 20), in which HSP is plotted against income inequality for 21 of the 23 countries. There is a close fit about the trend line, with the most unequal countries (USA, Portugal, UK) having the highest HSP scores, and the most equal countries (Japan, Finland, Norway) having the lowest. The rank-ordering of countries by inequality from least to most is: Japan, Finland, Norway, Sweden, Denmark, Belgium, Austria, Germany, Netherlands, Spain, France, Canada, Switzerland, Ireland, Greece, Italy, New Zealand, Israel, Australia, UK, Portugal, USA, and Singapore. But Israel and Singapore are frequently omitted from the scatter charts, including 2.2, because of lack of comparable data. To reinforce their point, WP plot the same index of HSP against GDP per capita in figure 2.3 (p. 21) where practically no correlation appears. Portugal is the poorest country in the sample, the USA the richest, yet each score higher than all others in HSP. And though UK, Australia, France, Germany, Belgium, Netherlands and Japan are all about equally rich, their HSP scores vary widely from UK (third highest) to Japan (lowest). It would appear that social evil is unrelated to the *level* of income, at least in rich countries (see figure 1.1, p. 7), but that it is obviously related to the *distribution* of that income.

WP repeat the exercise for the 50 American states with broadly similar results (figures 2.4 and 2.5, p. 22). The most equal states (Alaska, Utah, New Hampshire, Wisconsin) have low HSP scores: with one important exception the most unequal states (Mississippi, Louisiana, Alabama) have the highest HSP scores. The exception is New York, which is the most unequal state but which has a below-average HSP score. Two other relatively unequal states, Connecticut and Massachusetts, also lie far below the regression line. Other factors, perhaps a more generous public provision of social services in these wealthy states, must explain the outliers.

The authors then proceed to a detailed examination of the individual components of social evil.

Can 'most people be trusted'? Figure 4.1 (p. 52) shows that more than 60% think so in the Scandinavian countries and Netherlands, fewer than 40% in Portugal, Singapore, USA, UK and several other countries; and figure 4.2 (p. 53) that more than 60% think so in North Dakota (67%), Michigan, Maine and New Hampshire, fewer than 30% in Mississippi (17%), Alabama, Louisiana and several other states. These data are significantly correlated with the inequality index in each case, though with more dispersion than in 2.4 and 2.5.

Similar operations are performed in turn for measures of women's status (4.4 and 4.5, pp. 59-60), spending on foreign aid (4.6, p. 61), mental illness (5.1, p. 67), illegal drug-use (5.3, p. 71), life expectancy and infant deaths (6.3-6.6, pp. 82-3), obesity (7.1-7.4, pp. 92-94), literacy scores and high-school drop-out rates (8.1-8.3, pp. 106-7), children's aspirations (8.6, p. 116), teenage birth and pregnancy rates (9.2 and 9.3, pp. 122-3), homicides (10.2 and 10.3, pp. 135-6), children's expectations of violence (10.4, p. 139), adult pugnacity (10.5, p. 141), incarceration rates (11.1 and 11.2, pp. 148-9), and social mobility (12.1, p. 160).

In every case the correlation with income inequality appears, though of course these are negative in the cases of women's status, foreign aid, life expectancy, literacy, and social mobility, all which indicate a relative *absence* of social evil. And in every case the relatively unequal countries (USA, Portugal, UK, and Singapore when it appears) are seen to have the highest incidence of individual evils; the relatively equal countries (Japan, Finland and the Scandinavian kingdoms) having the lowest incidence. Much the same appears in the individual US states, with Alaska, Utah, New Hampshire and Wisconsin at one end, and Mississippi, Louisiana, and Alabama at the other.

But there is much greater dispersion about the trend lines in the individual cases, and this is specially so with the US states. New York, for example, is the most unequal state yet it is always far better than predicted by the regressions. Perhaps the most extreme dispersion occurs with homicides, which range from more than 100 per million in Louisiana to fewer than 20 per million in New Hampshire and four other states. The relatively equal Alaska is far above the trend line (with more than 80/million); the relatively unequal Massachusetts is far below (with fewer than 20/million). Evidently there are other explanatory factors beside income inequality at work.

Nevertheless the overall effect of all the evidence is persuasive. As *The Economist* – long an advocate of free enterprise and the market economy, but proud of its commercially valuable reputation for fair-mindedness – acknowledged:

> It is a sweeping claim, yet the evidence, here painstakingly marshalled, is hard to dispute. Within the rich world, where destitution is rare, countries where incomes are more evenly distributed have longer-lived citizens and lower rates of obesity, delinquency, depression and teenage pregnancy than richer countries where wealth is more concentrated. Studies of British civil servants find that senior ones enjoy better health than their immediate subordinates, who in turn do better than those further down the ladder. . . (26 February, 2009)

As might be expected, there has been vigorous criticism of the book by some (e.g. Snowdon, 2010), by no means all of it merely ideological. But I shall take it that the correlations do indeed tell us something true and important, and go on to consider some of the questions they raise.

II

To begin with, we must distinguish two questions about causation. The first, which has been much canvassed, relates to the putative causal nexus between inequality and social evil. The second, which has been relatively ignored, concerns the causes of differential inequality of income distribution among the 23 nations in the sample. The latter is important, for if we were convinced that inequality does indeed cause these evils, we should need good answers to the latter question if we wanted to do anything about it. Economists have something to contribute here.

But because WP have chosen to abandon the highest ethical ground (inequality is unjust) for a merely consequentialist ethic (inequality is inefficient) they make themselves vulnerable to another hard question, which so far as I know has not yet been raised in the debate following this book. From the standpoint of economic efficiency, *is inequality always a bad thing?* May it not sometimes confer social benefits against which the evils they report must be set as an offset? If so we should have what rejoices the heart of every economist: an optimisation problem.

Correlation is not causation. WP provide many examples throughout the book, summarised in chapter 14, of possible causal processes linking inequality to various social evils. If inequality of *income* is positively related (either as cause or effect) to inequality of *status*, which seems to be assumed, there is abundant evidence, some of it medical, that the latter creates the stress, pain and anxiety that lead to lack of trust, aggression and violence.

WP cite controlled experiments on macaque monkeys which show that relegation to low status causes a rapid build-up of atherosclerosis and the accumulation of abdominal fat (p. 194). They report economic experiments that show that whereas chimpanzees always act to maximise material self-interest, human beings are willing to incur significant costs in the interest of fairness (p. 202). Now observations of bonobo monkeys show that these differ from chimpanzees in their ability to reduce competition for scarce resources without creating hierarchies of dominance and submission (pp. 203-4). And the DNA of humans resembles that of bonobos rather than chimpanzees (p. 205). WP note that for most of its existence as a species the human race relied on hunter-gathering, and that its societies were highly egalitarian with well-developed 'counter-dominance' strategies (p. 208). Only with the arrival of agriculture (which necessitates property rights in land) did modern inequality arise (pp. 207-8). During 2 million years in egalitarian societies therefore, natural selection may have produced our strong innate sense of fairness; sometimes 'so strong that we might wonder how it is that social systems with great inequality are tolerated' (p. 208). Perhaps a condition of equality is experienced as 'natural' among the human species: which might help to explain why significant inequality of status seems to cause pain, fear, resentment and mistrust.

These observations are suggestive rather than conclusive. The authors have not properly specified a causal nexus between inequality of income and social evil. But it would be unreasonable to expect them to do so: our knowledge of these matters is still at an early stage. Their implicit assumption that inequality of income may be taken as a proxy for inequality of status seems acceptable. And their conjectures about causation are plausible, make use of a wide range of possible explanatory factors, and will undoubtedly lead to further research.

If income inequality is a demonstrable cause of social evil it must be corrected. Therefore we must know what determines income distribution.

Economists have quite a lot to say about this. In a fully employed, competitive market economy, workers will get approximately the value they add to output; and bosses will make a profit just sufficient to keep them in business. Owners of scarce resources for which there is no easy substitute (landlords, ice-hockey stars, concert pianists) will get paid what those who desire or need the services of their resources are willing and able to afford. In these circumstances income will be as equally distributed as it can be without government intervention; and the public is likely to acquiesce in some very high incomes, at least for famous film-stars, pop musicians and sporting heroes.

Distribution will become less equal if there is much prolonged unemployment, for the income of unemployed workers is likely to fall relatively more than that of their bosses, and their bargaining position in future employment will be weakened. Insofar as labour unions are able to reduce inequality, unemployment will reduce their power to do so. Inequality will also be increased by monopolies and cartels, for in these cases producers levy a private tax on consumers without providing any corresponding value. And if more individuals manage to capture some scarce resource – real or imagined – that the public is prepared to pay for, that too will increase inequality, though in some cases this may be perceived as fair. Inequality is further increased when shareholders – including charitable trusts, pension funds and union strike funds – are willing to allow top corporate executives to rob them of the profits which are rightfully theirs by agreeing to exorbitant compensation, bonuses and exit payments which far exceed the executives' supply price.

Almost all countries rely upon some government intervention to reduce inequality, chiefly by taxation and expenditure in support of education, health and welfare. But in some countries tax avoidance and evasion is so successful that the very rich often pay virtually nothing, and the costs of policing are too high to make it worthwhile. As for public expenditure, the necessary bureaucratic controls combined with unionisation in the public sector may work against high standards in health and education; and may divert a large part of that expenditure away from the poor, for whose benefit it is intended, into maintaining an army of middle-class professionals and functionaries with a vested interest in the system. Moreover where the poor actually do get substantial amounts of public money this may reduce the incentives to job-search, mobility and retraining. Self-reliance and morale may be undermined, and economically unviable communities allowed to stagnate for decades.

It follows that remedies for inequality will include the political will of governments to maintain full employment, legislation to curb or prevent monopolies (with enforcement), good education for all, (re-)training of the least productive and employable, and universal, high-quality health care. They may also include a well-designed Guaranteed Annual Income program that eliminates extreme poverty whilst minimising adverse incentive effects.

Though WP appear to recognise some of all this, their treatment of remedies for inequality (chap 16) is the least satisfactory part of their book. They do recognise a distinction between ‘using taxes and benefits to redistribute very unequal incomes’ and achieving a ‘greater equality in gross income before taxes’ (p. 184). They do know that some social evils in Britain and the USA seem to have fluctuated with the unemployment rate (p. 143) and they know that there have been ‘peaks and troughs’ in the incidence of social evil in each of these countries (pp. 142-44). They show how inequality has increased in Britain and the USA since 1973 (16.1, 16.2, p. 240). And they are aware that in both countries the trend of social evil has risen steadily since 1950 (e.g. 3.1, p. 34; 4.3, p. 56).

But they don’t put it all together. The curves in figs. 16.1 and 16.2 show that inequality increased sharply after the introduction of policies associated with Margaret Thatcher and Ronald Reagan. Their common macroeconomic feature was the abandonment of the post-war commitment to Keynesian full-employment policies and their replacement by monetarism. As a direct consequence, levels of unemployment have been higher and the rates of economic growth slower since the mid-1980s. They have remained that way because all subsequent governments, terrified by high inflation in the 1970s, have been unwilling to return to full-employment fiscal policy. In this they have been abetted by the business community, which generally welcomes a softening in the labour market.

If WP and their allies in the Equality Trust want to get something done about inequality therefore, the best place to start might be a campaign to restore the insights and commitments of the 1944 White Paper on employment policies. They could expect powerful intellectual support from at least two recent Nobel Laureates in economic science (Krugman 2012; Stiglitz 2012, chaps. 8 and 9). For although average incomes may have risen – at least in the USA and Britain – as a result of these policies, inequality has certainly increased. And it is a central part of WP’s argument that income *levels* have relatively little effect on human well-being, whereas income *distribution* is crucial**.**

But since their case for equality is consequentialist rather than deontological, we must also inquire whether there is any thing to be said in favour of inequality.

Inequality of *income* has often been considered necessary for economic growth and development, whether under capitalism or socialism. The Soviet Five-Year Plans required as much ‘forced saving’ from the proletariat as did the Industrial Revolution in Britain. But though inequality may be necessary for rapid capital formation it may not be sufficient. Growth rates in the relatively equal countries, Japan and the Scandinavian countries, have not been lower on average in recent history than in USA, Portugal and UK.

However, inequality of *status* may have economic value if it provides incentives to the humble to rise in the world. Adam Smith maintained that 'the pleasures of wealth and greatness' though illusory, serve an important purpose. '. . . it is well that nature imposes on us in this manner. It is this deception which rouses and keeps in continual motion the industry of mankind' (Smith 1976, p. 183). In William Paley's famous example, 'It is not . . . by what the *Lord Mayor* feel in his coach but by what the *apprentice* feels as he gazes at him, that the public is served' (Paley 1825, V, p. 354). But the benign effect of status inequality will only work if there is enough social mobility. And WP discovered that in the 8 countries of their sample for which data on social mobility were available there is a strong negative correlation between inequality and mobility (12.1, p. 160).

If that relation were generally true, and if causation runs from inequality to mobility, this would seem to cast doubt on comfortable eighteenth-century orthodoxy. For the more unequal a society, the less possibility of any remedy by upward mobility. 'The pleasures of wealth and greatness' can then only arouse unsatisfiable desires in the lower orders. The apprentice can never become Lord Mayor. Frustrated ambition may well give way to envy and resentment. Perhaps this is part of the causal nexus between inequality and social evil.

But if causation runs from mobility to equality as Smith and Paley assumed, the case is quite different. Greater social mobility (viewed as exogenously determined, or at any rate affected, by public policy) becomes an important remedy of inequality and the evils it produces.

The status of Lord Mayor is what economists call a 'positional good' (Hirsch 1976, p. 27) the value of which comes from the fact that no one else can have it. There can be only one Lord Mayor and he is pre-eminent. No one else has any possibility of enjoying that good – unless or until he can become Lord Mayor in turn; and it is permanently impossible that everyone should enjoy it. But there can be an hierarchy of positional goods. University students who graduate from Oxford or Harvard enjoy a status denied to those who graduate from Manchester or Minnesota: these in turn have a higher status than graduates of the many institutions below them in the pecking order. And the general inaccessibility of some goods is physically 'positional.' Only one cottage can be the first to be situated on a beautiful and unspoilt lake. A second cottage reduces the value of the first; and if every available space all round the lake is built on, the value to each cottage-owner may become almost zero.

Compulsory equalisation in such cases destroys value for all. If the Parliament of Canada conferred the degree of PhD upon every child at birth as an 'inalienable right,' and abolished the power of universities to confer it only upon the small and privileged elite of successful graduate students, that degree would become worthless. If every family were to have a vacation cottage in a natural beauty spot; if national parks were obliged to admit hundreds of thousands to ecologically fragile Alpine meadows; if every individual were given a private motor car and the means to drive it anywhere and everywhere: many would suffer and none would benefit.

The extent to which some measures to reduce inequality are actually beneficial will therefore depend upon the proportion of individuals in society for whom planned expenditures on positional goods are important, and upon the relative importance of the 'positional economy' (Hirsch 1976, chap 3). If one percent of the population is clothed in purple and fine linen and fares sumptuously each day, whereas ninety-nine percent feed from the crumbs which fall from the tables while the dogs lick their sores, then redistribution will almost certainly result in a net welfare gain. But if many in the population seek and obtain positional goods – which seems increasingly the case as countries get richer – then egalitarian measures may do more harm than good, at least in cases where status competition does not have adverse side-effects on resource depletion and environmental degradation.

III

And above and beyond these mundane considerations we should address some of the questions posed by Christian moral theology. Is inequality a fertile breeding ground for four of the Seven Deadly Sins; and may not this be the fundamental reason why it is a cause of evil? And/or may it not be, as the Fathers appeared to think, a school of virtue? Remedies for the evil of inequality will almost certainly impose costs on some, who will resist them for that reason. Should we rely on exhortation to convert the objectors to a properly charitable willingness to accept these costs for the common good; or should we rather devise practical incentives to harmonise the common good with private interest?

In an unequal society the rich, having been taught that ‘greed is good,’ may succumb to – may even foster – the deadly sin of *avarice*. And if they look down on those less fortunate than themselves they may also be guilty of the deadly sin of *pride*. The poor are likely to exhibit the deadly sin of *envy*, and sometimes even that of *anger*. We must note that since the two latter temptations are related to status, not to absolute wealth, they will afflict virtually all of the rich as well. For the First Vice-President may be as envious of the CEO as the factory hand is of the foreman. [The other three Deadly Sins, *sloth*, *gluttony* and *lust*, seem to be universal.] Susan Fiske has documented the effects of envy and ‘scorn’ (= *pride*) in American society, and in confirmation of WP argues that these ‘can be hazardous to our health’ (Fiske 2011, p. ix). Fiske and WP mean physical health: but the danger to spiritual health is immeasurably greater.

By specifying avarice and pride, envy and anger, as deadly sins the Church has offered a remedy, not for inequality itself but for some of its malign consequences. If all were perfectly faithful, a Christian society could be as unequal as economically possible: yet incur none of the social evils identified by WP. The Theological Virtues of *faith*, *hope* and *charity* would protect us from the destructive effects of avarice, pride, envy and anger. In his classic treatise on *Envy*, Helmut Schoeck (1969, p. 160) claims that ‘the historical achievement of this Christian ethic is to have encouraged and protected . . . the exercise of human creative powers through the control of envy.’ This is quite different from the Smith-Paley argument, which in a manner typical of Augustinian theodicy attempts to show that God uses the effects of human sin as a *remedium peccatorum*, producing benign results as unintended consequences of the evil things we do. Classical political economy, and modern economics which is its heir, are founded on this insight (Faccarello 1999.)

None of the 23 countries in WP’s sample can be regarded as Christian societies, hence for the time being we need remedies for inequality, as well as spiritual advice on how to live with it. Yet here too the Augustinian insight into Original Sin is relevant. If policy measures to reduce inequality are to be effective, many individuals will have to incur costs to make this possible. WP seem to rely upon exhortation to change hearts and minds (e.g. pp. 270-72), rather in the manner of some Christian social criticism (e.g. *Rerum Novarum*, para 33 et passim). But Fallen human beings need incentives to be good. Because of ‘the wound of Original Sin’

> Man tends towards good, but he is also capable of evil. He can transcend his immediate interest and still remain bound to it. The social order will be all the more stable, the more it takes this fact into account and does not place in opposition personal interest and the interests of society as a whole, but rather seeks ways to bring them into fruitful harmony (*Centesimus Annus*, para. 25).

Or in the words of Archbishop William Temple, quoted in a UK inter-church study in response to *The Spirit Level*, 'The art of government is in fact the art of so ordering life that self-interest prompts what justice demands' (Church Action on Poverty nd, p. 4). As in a Fallen world economists must economise on love (Robertson 1956), so too in such a world must their governments economise on virtue.

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