The Spirit Level – Why More Equal Societies Almost Always Do Better

Lazy Trout 23 Jun 2014

Notes for the discussion on 29 March 2011 at The Blue Mugge have been updated. Notes based on the book of that title by Kate Pickett &nRichard Wilkinson (2009) and 2nd edition published in UK, February by and 2010. There is more on the Equality Trust website http://www.equalitytrust.org.uk/
Also *Capital in the Twenty-First Century* by Thomas Piketty
Graphs will be available to aid discussion.

1) Let's check what we mean by equality.

The Spirit Level argues that there are "pernicious effects that inequality has on societies: eroding trust, increasing anxiety and illness, (and) encouraging excessive consumption." It shows that for each of eleven different health and social problems: physical health, mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life, violence, teenage pregnancies, and child well-being, outcomes are significantly worse in more unequal rich countries. Statistics for the largest 23 rich countries and for the 50 states of the United States of America are used. The book contains graphs that are available online.
http://www.equalitytrust.org.uk/resources/spirit-level

2) Examining statistics and data…(Copies of graphs of the five issues below provided in the pub – these from the book and web – please bring your own if you can) … We will look at the evidence presented in the following spheres but first a general question: What are the main problems for you with statistics?

3) Education – 'children do better at school in more equal societies…'

4) Social Mobility: 'There is more social mobility in equal societies… LSE data comparing eight countries…'

5) Drug Abuse: For example 'Among the 50 States of the USA drug addiction and death from drug over doses are related in inequality. Again we found that the more unequal states had high death rates'.

6) Violence: 'the link between inequality and homicide rates have been shown in as many as 40 studies and the differences are large.'

7) Obesity: 'is increasing rapidly throughout the developed world. In some countries rates have doubled in just a few years'.

8) Everyone will agree that the five above issues are vitally important with major problems to be addressed. What are your solutions?

Below taken from a blog by Chris Huhne in the Guardian
http://www.theguardian.com/commentisfree/2014/apr/28/inequality-hurts-everyone-taxation-growth

“Thomas Piketty has written a marvellous, persuasive book that breaks with modern economics' love affair with mathematics. It is in the same literary tradition as JM Keynes's The General Theory of Employment, Interest and Money and Adam Smith's The Wealth of Nations, with an impressive sweep and grasp of economic history. Most important, it is rooted in the facts of inequality that cry out for explanation.
Piketty shows that in rich countries at the frontier of technology and skills, the growth of incomes is between 1% and 2% a year. Meanwhile, the rate of return on capital averages about 4% to 5% a year. So those who draw their income from capital returns will outstrip wage earners and "inherited wealth grows faster than output and income".
this rising inequality, far from being a price worth paying, actually slows down growth. This research is not from some group of flaming radicals but the International Monetary Fund, an intrinsically conservative institution.

Its report Redistribution, Inequality and Growth compares different countries' growth and their degree of redistribution (through progressive taxes, benefits, and universal services like health and education). The conclusion is that "lower net inequality is robustly correlated with faster and more durable growth". There is only weak evidence that even exceptionally large redistributions hamper growth.”

A critique of this book in the Economist can found here
http://www.economist.com/news/finance-and-economics/21601567-wonky-book-inequality-becomes-blockbuster-bigger-marx