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The inequality debate

In a recent issue of SOCIOLOGY REVIEW (Vol. 19, No. 4) John Williams argued that the UK is one of the most unequal nations in terms of income distribution. What are the sociological consequences of this?

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Understanding Social Inequalities (OCR)/ Stratification and Differentiation (AQA)

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Even after 13 years of New Labour rule, apparently little progress has been made in reducing income inequalities in Britain. Evidence of the UK's overall growth in income inequality since 1979 is published regularly and it is confirmed in recent government statistics (ONS 2010). But, while such data are not new and merely confirm existing trends, there has been, until recently, little in the way of political and public debate on the issue.

Do we care about income inequality?

Over the past two years, however, there appears to be some evidence of a growing concern about issues of inequality in the UK, particularly that of income inequality (Bamfield and Horton 2009). So what has changed? One of the possible reasons for this has been the global financial crisis, which was allegedly caused by the reckless speculations of global traders and bankers. Their relatively high salaries and

bonuses have been coming under considerable scrutiny. The paradox of high city wages and the poor performance of the financial services sector in recent years has thrown into sharper focus the income disparities between the highest and the lowest occupational groups in Britain.

High city wages and bonuses, though periodically causing surprise and disapproval, have tended to be justified on the grounds of the need to reward our wealth creators handsomely. In the language of Parsonsian structural functionalism, their structural importance to society and the economy needs to be matched by equally high rewards (Davis and Moore 1967). Added to this, free market economists and politicians have often warned against intervening in the free market in goods, services and pay.

The sociologist Peter Saunders (2010) identifies the additional argument that it may be unfair to introduce policies that penalise the rich — for example, by increasing taxes and distributing the returns to the poor — when it is the rich who are taking all the risks and creating the wealth. It is believed by some that raising taxes could result in a disincentive for wealth creators to take such risks in the future, making Britain uncompetitive in the global market.

Signposts

This timely article looks not simply at the fact of social inequality, which is well documented, but at its social consequences. At a time when many suggest that the effects of the government's 'austerity measures' and cuts in public spending will impact to a far greater degree on the poor than on the better-off, there is an almost unprecedented public debate on levels of inequality in the UK. A good deal of Tom Boronski's article looks at a book that has been regarded as both influential and controversial, *The Spirit Level* by Wilkinson and Pickett. All sociology students should be aware of this book, and this article provides a very useful summary of the main points, together with some of the criticisms that have been made of it — useful material for showing the skill of evaluation. While of obvious relevance to students taking the 'Stratification and differentiation' and 'Power and politics' options, this article should be required reading for all students.



Scenes of wealth and poverty: Cheryl Cole L’Oreal ads contrast with this down-at-heel neighbourhood.

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However, with the collapse of a number of banks and financial institutions in the autumn of 2008, and the consequences of this for jobs and the economy, a rather less tolerant public attitude can be detected towards some of the bigger differentials in income.

A recent study by Louise Bamfield and Tim Horton for the Joseph Rowntree Foundation shows that attitudes have hardened in this respect. Their research, conducted between July 2008 and February 2009 using focus groups and large-scale attitudinal surveys, shows that since mid-September 2008 there has been less tolerance of such differentials, and there is even evidence of growing ‘anger’ at the ‘perceived excesses at the top’ (Bamfield and Horton 2009: p. 14).

Fred Goodwin, the former chief executive of the failed Royal Bank of Scotland (RBS), was described at the bank's annual general meeting in 2008 as a 'benefit scrounger' when his lucrative pension arrangements were announced. Goodwin has since fled to the south of France after alleged threats to him and his family.

Do equal societies do better?

A second factor associated with the growing debate about inequality in Britain was the publication in March 2009 of a book that tapped into this new and more critical public mood: *The Spirit Level: Why More Equal Societies Almost Always Do Better*, by Richard Wilkinson and Kate Pickett.

The authors conducted an analysis of international studies on 23 of the 50 wealthiest countries in the world. They used these statistics to show that in terms of a wide range of social and health criteria those societies that were *more* equal — as measured by income distribution — almost always do better than *less* equal societies.

For example, they argued that more equal societies have lower levels of crime, longer life expectancy, lower levels of infant mortality and lower levels of mental illness than societies with less equality. There are some exceptions, such as higher suicide rates in more equal societies than less equal ones. But in general, more equal societies were found to have higher levels of trust and greater community integration. The conclusion of the book is that not only do the poorer members of society benefit from greater equality, but so also do the rich.

By using a combination of techniques and data from social scientific and other disciplines, Wilkinson and Pickett provide evidence that rigid hierarchies resulting from extremes in inequality threaten social cohesion. Individual self-esteem, for example, is more likely to be undermined in highly unequal societies and this manifests itself in such outcomes as poorer levels of health, more aggression, less trust in others, and poorer mental health.

The book was initially greeted with enthusiasm by politicians on the right and the left. Michael Gove, the current education minister, described it as a 'fantastic analysis'. Even the current Prime Minister, David Cameron, mentioned it in a pre-

election speech on the 'Big Society'. The authors have won a number of awards for the book and have attended over 300 public meetings since its publication.

Evidence-based politics

The approach of Wilkinson and Pickett is highly significant in that the authors claim to have moved beyond the usual ideological debate about inequality, by adopting what they call 'evidence-based politics'. They do not use moral or theoretical arguments to justify the need for greater income equality. Instead they claim that the evidence they have collected shows that greater income equality in more affluent countries benefits rich and poor alike.

They chose to focus on more affluent societies because once a certain level of affluence has been achieved, further increases in affluence bring little in the way of additional improvements in the quality of life. Any differences between societies must therefore be the result of other factors — one of which, according to Wilkinson and Pickett, is the level of income inequality.

Using World Development Indicators (WDI) produced by the World Bank and the World Health Organisation (WHO) data, which include standard measures of social progress and health, Wilkinson and Pickett provide a statistical analysis of the link between levels of income and quality of life.

By using these standardised criteria, they claim that they cannot be accused of 'cherry picking' the evidence to fit their hypothesis. In this sense they argue that there should be no question of ideological bias. If such findings are correct they would seem to have clear implications for the debate about inequality as well as for government policy: societies that are more equal seem more coherent and benefit everyone.

For those on the political left *The Spirit Level* was hailed as conclusive evidence against any justification for existing levels of income inequality in Britain, or other similarly affluent countries. Polly Toynbee, a journalist and long-time campaigner against poverty and inequality, described Richard Wilkinson as a modern-day Darwin of the social sciences, and his book as a 'eureka moment' in the field of

policy research which is equivalent to Charles Darwin's theory of evolution in the nineteenth century. But by the middle of 2010, the mood seemed to be changing.

Research or propaganda?

In the summer of 2010, two publications, both sponsored by right-wing think-tanks in the UK, produced scathing attacks on *The Spirit Level*. The first was by the Taxpayers' Alliance (Sanandaji et al. 2010), and stated that policy makers should be warned about the contents of the book, claiming that they are unreliable and unscientific.

The second, by the sociologist Peter Saunders (2010), writing under the auspices of the Policy Exchange (allegedly David Cameron's favourite think-tank), was a more detailed critique of the methods and statistical analysis used by Wilkinson and Pickett. Saunders argues that, far from being an objective study, *The Spirit Level* is a piece of left-wing propaganda resting on a biased presentation of the evidence which is used to support the view of the authors' sponsors — the Equality Trust.

For example, Saunders claims that Wilkinson and Pickett's arguments that more equal societies do better are actually dependent on a small number of extreme examples, which skew the evidence in favour of their claims. In addition, he argues that if one selected alternative data sets, less equal societies (such as Britain) can be shown to do better on a variety of social criteria, such as charitable giving, divorce rates, suicide rates and levels of alcohol consumption, when compared to more equal societies.



Fred Goodwin, former chief executive of RBS.

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In a robust defence of their research Wilkinson and Pickett (2010) argue that they have presented their data in a consistent and non-selective manner which is based on internationally-recognised standards and measurement criteria (UNICEF Index of Child Wellbeing, WHO and the World Bank). Moreover, they state that, unlike the material in the critiques by Saunders, Snowdon and Sanandaji et al., most of the data and evidence they present have been peer-reviewed (checked by other academic experts in the field). They therefore contend that recent attacks on their work seem to be politically motivated and that their research and the data they present are credible.

Conclusion

When in opposition as shadow chancellor, George Osborne had claimed that the rich would have to share the burden of tax rises and public spending cuts with the rest of us. In government he reiterated this point, stating that his first budget would

be progressive and would, after all the benefit cuts and tax changes are taken into consideration, hit the richest households more than the poor.

However, a post-budget assessment by the Institute for Fiscal Studies (IFS) (an independent think-tank), revealed that the overall effects will be to ‘hit the poorest households more’. The IFS also concluded that the government’s spending review in October 2010, which announced huge public sector cuts, was actually regressive — that it would hit the poorest hardest (the *Guardian*, 24 October 2010).

If increasing income differentials between the richest and the poorest does harm *all* of society then we are all in for a tough time. Whether coordinated or not, the critiques of *The Spirit Level* are likely to sustain the debate about the effects of high levels of income inequality. They will also revive the doubts of those who are not convinced by the claim that helping the poor by penalising the rich is actually good for us all.

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