Written evidence from Emeritus Professor Richard Wilkinson

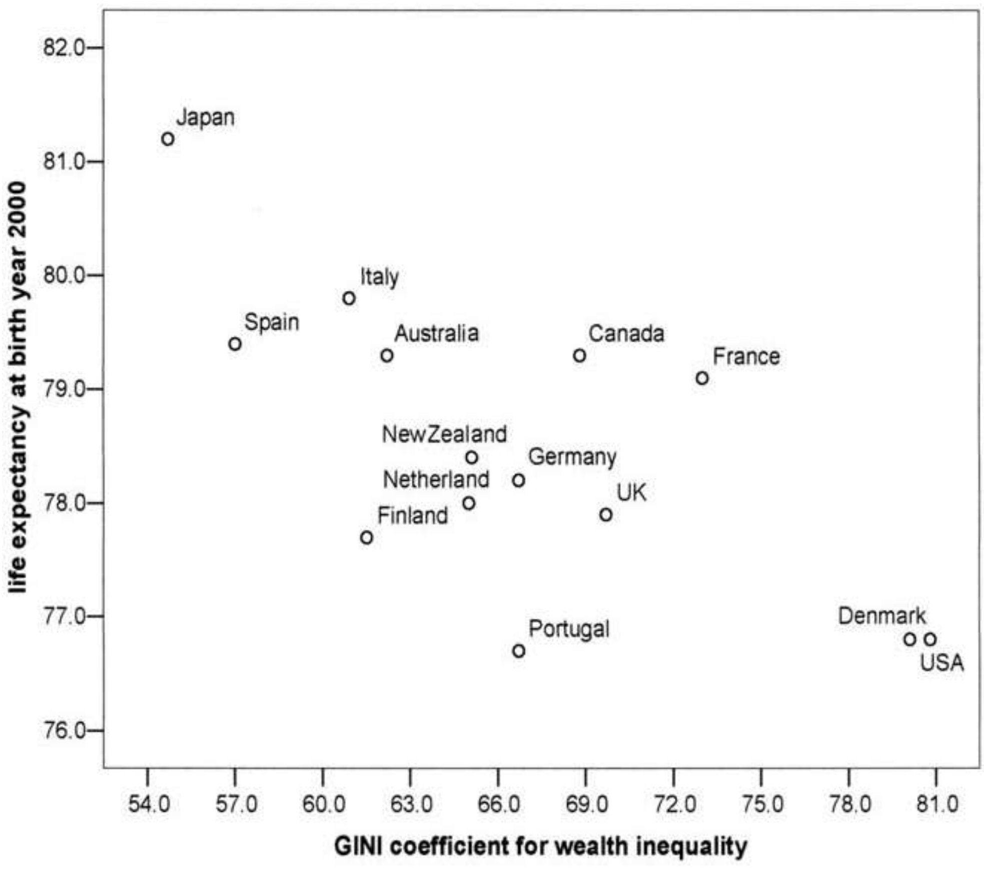
For: The University of Birmingham Policy Commission on The Distribution of Wealth
chaired by the Bishop of Birmingham

Since Allan Marsh's 1994 paper "The benefit fault line In: Unemployment and public policy in a changing labour market" (Policy Studies Institute) it has been clear that resources as well as income are important to wellbeing. Among people on low incomes, he showed that 'hardship' (measured by problem debts and being unable to afford various 'necessities') is over ten times as common among people who were 'social tenants' and who had sometime received benefits, compared to those on equally low incomes who lived in other kinds of housing and who had never claimed benefits. The most likely explanation was that those who were not 'social tenants' had a cushion of resources. A similar effect of resources on health was confirmed in an analysis undertaken by a master's student of mine using the Health Survey for England in 2005(?) This is likely to be part of the explanation of why home ownership has always been associated with better health.

Although there is an extraordinarily regular social gradient in life expectancy which runs right across society within rich countries, there is absolutely no association between average life expectancy in each of the rich countries and GNPpc (see Figs 1.3 and 1.4 on pages 12 and 13 of *The Spirit Level*). It is now recognised that this paradox, between income being important within but not between rich countries, is because income is related to health as relative income (i.e. a determinant and expression of social position or social status). Our evolved psychological sensitivity is to social status rather than to ownership of consumer durables. Much is now understood of the social pathways which connect inequality to loss of social cohesion and social stress, and of the biological pathways which lead from social stress to its health effects.

The social process underlying the cross-sectional correlations we showed (in *The Spirit Level,* Wilkinson & Pickett, 2009) between national measures of income inequality and rates of a very wide range of health and social problems (including life expectancy, mental illness, homicide, child wellbeing, drug abuse, imprisonment, kids maths and literacy scores, obesity) centre on a tendency for wider income differences to amplify the effects of social status differentiation. Put most simply, almost all the problems which have a social gradient within societies get worse when those social status differences are increased. In effect, wider material differences intensify all the ways in which class and status imprint themselves on us from early childhood onwards. The scale of the effects of wider income differences is very large indeed. The outcomes listed above are anything from twice to ten times as common in more unequal societies (e.g. USA, Britain, Portugal) than in more equal societies (e.g. Scandinavian societies and Japan). Before we published *The Spirit Level* there were well over 100 peer reviewed papers confirming various aspects of our analysis and many more have appeared more recently. Many have of course used more sophisticated methods than we used – including time series analyses and multilevel models.

At the heart of the way inequality damages a society is the tendency for larger material differences to create larger social distances – increasing status competition and feelings of superiority and inferiority. In this process it would almost certainly be a mistake to attribute the social damage wholly to either income inequality or wealth inequality. Both contribute powerfully to social status differentiation. Attempts – such as the Luxembourg Wealth Study – to put together internationally comparable data on inequalities in wealth distribution are fairly recent and there are as yet few analyses of the health and social effects of wealth differences. I have attached the first paper I have seen which relates international data on wealth inequality to national levels of life expectancy. The figure below, showing a strong tendency for countries with narrower differences in wealth to have higher life expectancy, is taken from it. Although national life expectancy is significantly related to the distribution of both wealth and income, the relationship with wealth shown here is closer than the one we showed with income distribution. The author, Nadine Nowatzki, shows a similarly close relation between infant mortality and wealth inequality. As I knew neither the wealth inequality data nor the author, I asked Prof Janet Gornick (the new director of the Luxembourg Income and Wealth Study) about the quality of the data. She said that it came originally from the WIDER data series which she said was "reputable" and added that the chief compiler of the WIDER data worked previously at LIS.



[Source: Nowatzki NR. Wealth inequality and health: a political economy perspective. *International Journal of Health Services* 2012; 42(3): 403-24.]

As well as the strong impression of a 'fit', there are a couple of other interesting points about this graph. In data on life expectancy and income inequality Denmark has always appeared to be an outlier: it has narrow income differences but surprisingly low life expectancy. But looking here at wealth inequality, Denmark seems to fall into place. The other interesting point is that there is some controversy as to Japan's level of income inequality. OECD data do not show it as being as equal as the data we used (from UN Human Dev Rpt and World Bank). However, on these wealth distribution figures, Japan's high life expectancy fits well with its more equal distribution of wealth.

The psychosocial processes through which income and health are related at the population level would almost certainly apply equally to the effects of wealth on health. It would be unwise to imagine that income inequality mattered and that wealth inequality did not. Indeed, if income at lower levels is regarded as what we use to maintain a stock of assets – clothing, consumer durables etc. – then assets (wealth) and income are almost inseparable and we need more liquid assets if each mishap (a parking fine or washing machine repair) is not to turn into a disaster.