

Does more equal really mean all better?

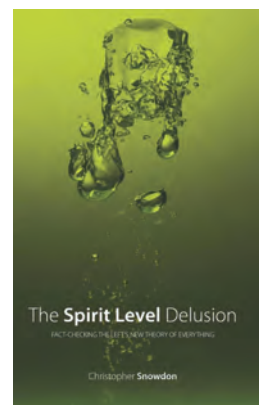
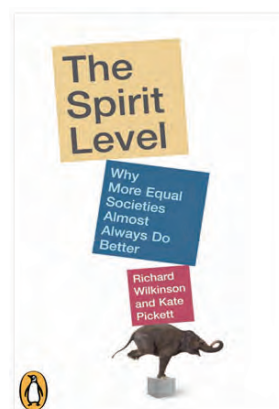
Julie Novak reviews

The Spirit Level: Why more equal societies almost always do better

Richard Wilkinson and Kate Pickett
(Bloomsbury Press, 2009, 352 pages),
and

The Spirit Level Delusion: Fact-checking the left's new theory of everything

Christopher Snowden
(Democracy Institute, 2010, 172 pages)



The criticisms of market capitalism have changed over the past two centuries.

The writings of Marx and Engels in the nineteenth century emphasised that the private ownership of the means of production benefited the bourgeoisie at the expense of the labouring classes.

Closely tied to the notion that capitalism oppresses was the charge that capitalism aggravates social inequalities, as the rich entered the financial stratosphere at the expense of the poor.

During the twentieth century, the anti capitalist strain developed on many new fronts. Economists such as J. M. Keynes argued that, if left unattended, markets would destabilise incomes. From the 1950s it was then argued that capitalism would lay waste to the environment and deplete our natural resources.

From the late twentieth century the opponents of markets claimed that capitalism makes us all feel unhappy, and now the latest salvo fired by the political left is that capitalism

makes us unhealthy.

An explanation for the development of alternative explanations as to why markets are bad is that, over time, many of the criticisms have actually been found wanting.

The growth experience of communist countries, and nations with predatory governments, clearly illustrate that freer markets create more wealth. The recent Asian experience tellingly illustrates how an embrace of capitalism has lifted scores of people from abject poverty.

Self reported happiness and health status⁷ are higher in wealthier countries, where the economic capacity of individuals to attain such outcomes are the greatest.

When faced with the facts, many critics of the market system begrudgingly move on to another potential area of anti capitalist sentiment to exploit.

By contrast, epidemiologists Richard Wilkinson and Kate Pickett, in their best selling *The Spirit Level: Why More Equal Societies Almost Always Do Better*, attempt to bundle all of the anti-market criticisms together in a broad, sweeping narrative.

The basic idea proffered by Wilkinson and Pickett is that societies with a

lower dispersion of relative incomes perform better on a wide range of outcomes such as life expectancy, infant mortality, mental illness, teen births, obesity, homicides, imprisonment rates, educational performance, trust and social mobility.

To prove their point, Wilkinson and Pickett illustrate a myriad of scatter plot diagrams that purport to show that more equal Scandinavian countries and Japan outperform the United States on cross country correlations between inequality and the measures cited above.

The Spirit Level chronicles a psychosocial mechanism by which the increasing anxieties of individuals in more unequal countries about their place in the social pecking order leads to lives that are solitary, poor, nasty, brutish and short.

Yep, you guessed it, those of us in unequal societies are eating junk food, assaulting each other, landing ourselves in gaol, and leading ourselves to early graves because of frustration that we can't all be as rich as Paris Hilton or LeBron James.

Upon devising their universal 'theory of everything,' where equality must rule above all else, Wilkinson and Pickett call upon the citizenry of the world

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to agitate for massive income redistribution, exclaiming that 'it falls to our generation to make one of the biggest transformations in human history'.

What is their solution to elicit this big transformation? An aversion to economic growth centred upon progressive taxes and ratcheted public sector expenditure.

Yet it is notable that even egalitarian Nordic countries, such as Sweden, have moved away from this anti-growth policy recipe over the past decade or so, as evidenced by their significant cuts in corporate and personal income tax rates.

Fundamentally, the reason why countries are pursuing free market policies conducive to stronger economic growth is that more wealthy societies provide the basis for individuals to pursue their own ends in life more effectively.

As shown by the record of migration movements, countries that consistently fail to deliver economic prosperity risk the exit of their most valuable resource—people—from low to high wealth nations.

Far from providing the scientific theory of everything to settle all economic and social debates once and for all, *The Spirit Level* has elicited major controversy of its own.

A major rebuttal of the empirical analysis and policy conclusions by Wilkinson and Pickett has been recently presented by Christopher Snowden, in his book *The Spirit Level Delusion: Fact Checking the Left's New Theory of Everything*.

Wilkinson and Pickett's analysis repeatedly commits what is known as the 'ecological fallacy,' whereby spurious conclusions about individual characteristics are drawn from group level characteristics.

As stated by Snowden, '*The Spirit Level* relies on the conceit that wealthy countries are basically the same, with inequality being the main difference between them. Consequently, any dis-

parity in social problems must be the result of inequality. This is faulty logic and a classic ecological fallacy'.

It is invariably a short step from this to demonstrate that Wilkinson and Pickett regularly confound correlation with causation, a basic error in any endeavour within the natural or social sciences.

This is powerfully illustrated by Snowden, with his take down of the Wilkinson-Pickett scatter plot method to show that, supposedly, alcohol consumption 'causes' divorce and recycling 'causes' suicide!

Perhaps the most damning criticism of *The Spirit Level* by Snowden is its tendency for its results to rely upon the selective use of data and, in some cases, what appears to be outright data mining.

For example, Wilkinson and Pickett use UN Human Development Report data for 2004 to show a lower average life expectancy for those residing in more unequal countries. Strangely, Wilkinson and Pickett use data from the 2006 report elsewhere in their book. In addition, some countries such as the Czech Republic, Hong Kong and Slovenia are missing from the illustration presented in *The Spirit Level*.

Snowden shows that when the 2006 life expectancy data is plotted against inequality, and all relevant countries are considered, there is in fact a positive correlation between the two measures. For good measure, Snowden was able to find a similar relationship using 2009 data.

When subjected to even the basics of critical testing, for example which countries are included in the sample or whether or not published results can be replicated, *The Spirit Level* is simply found hopelessly wanting.

If reading Snowden's detailed critique of *The Spirit Level* is insufficient to sway the true believers of big government, then perhaps quotes from others disapproving of the Wilkinson-

Pickett 'inequality is everything' dictum should provide further cause for thought.

For example, a 2002 editorial in the *British Medical Journal* stated '[n]ow that good data on income inequality have become available for 16 western industrialised countries, the association between income equality and life expectancy has disappeared.'

Commentary on a quality of life index for *The Economist* magazine stated 'the level of income inequality had no impact on levels of life satisfaction.'

The Spirit Level Delusion suggests that the elephant in the room is Wilkinson and Pickett's advocacy of a far greater involvement of the state in our daily lives. As stated by Snowden, '[r]eplicating the Scandinavian model would require the state to take half of GDP. If wealth is to be transferred from the individual to the government on such a scale, we are entitled to ask what we will be getting in return'.

In terms of a serious comparative analysis of the economic and social conditions of the developed world, *The Spirit Level* is best left aside.

However for a barometer of how the modern political left think this book proves indispensable. Indeed, Wilkinson and Pickett illustrate a fundamental change in thinking about questions of aspiration by those opposing market capitalism.

Until recently the political left fought, often violently, for radical change in an attempt to empower the disenfranchised with greater economic and social choices.

By contrast the modern left have shrugged off all pretence of aspiration, through espousing policy objectives that aim to take choices away from individuals, families and communities.

If realised, this prescription would deliver nothing short of an absolute deprivation of liberties that would lead all of us to be worse off.

