



The Equality Trust



**A submission from The Equality Trust and
One Society to the Wellbeing Consultation of
the Office for National Statistics (ONS).**

April 2011

Introduction

The Equality Trust and One Society welcome the initiative by the government and the ONS to measure national wellbeing.

Evidence available on The Equality Trust website (www.equalitytrust.org.uk) strongly suggests that, for rich developed economies such as the UK, we are near the end of what further economic growth can do for life expectancy, levels of happiness and wellbeing (Wilkinson and Pickett 2009). Improvements in all three are rapid in the early stages of economic growth but, as countries get richer, the relationship with economic growth weakens and finally disappears. This pattern of diminishing returns to increasing income reflects the fact that rising living standards are important in poorer countries, where many people do not have access to basic necessities, but as richer countries get even richer, having more of everything makes less and less difference. A partial recognition of these patterns is of course one of the reasons for the increasing interest in other measures of wellbeing.

Further evidence indicates that the population prevalence of a whole range of health and social problems – ranging from child wellbeing to social mobility, from homicide to teen births – are no longer related to average national living standards. (Equality Trust; Wilkinson and Pickett 2009)

In the long history of economic growth this is the right time to move away from the crude and narrow measure of GDP as the best indicator of progress towards more thoughtful concepts of wellbeing.

We would like to draw the ONS and the government's attention to the following four important issues relating to wellbeing and how it might be measured:-

1. Subjective versus Objective measures

We would urge the ONS and government to give greater weight to objectively observable factors that impact upon wellbeing. Subjective measures, such as happiness or self-reported health, can be unreliable particularly when making international comparisons which, we understand, is one of the aims the ONS wishes to achieve.

For example, although self-reported health is a fairly good predictor of death rates within countries, when used to compare countries, self-reported health is often better in countries with higher death rates. Similarly, happiness may be a more useful variable when looking at differences within a society than when comparing countries. For instance, the USA does fairly well on happiness compared to other rich countries, yet on objective measures it does badly. Compared to other rich countries it has close to the lowest life expectancy, the highest rates of violence, high rates of mental illness and drug abuse, very high prison populations and low standards of child wellbeing. Perhaps for an American to admit they

are not happy is like an admission of failure, whereas for a Japanese person to claim to be happy may seem more like bragging.

We also know that measures of self-esteem have often conflated genuine self-esteem with a defensive narcissism or 'fragile ego' syndrome - in effect people talking themselves up - to defend against being put down or being seen as inferior.

A final example of the dangers of subjective measures concerns child aspirations. Surprisingly, children in more unequal countries such as the UK, tend to have what appear to be higher aspirations than children in more equal societies. However, it is likely that this simply reflects their belief (continually reinforced by the society around them) that being rich is all that counts - so they want to be pop stars, footballers, models or simply a celebrity of some sort.

We therefore caution against an over-reliance on subjective measures of wellbeing of any kind.

2. Wellbeing is not a single, subjective state

Wellbeing is almost certainly made up of quite different components - material standards, friends and social context, fulfilling work and so on. Assuming that wellbeing is simply one subjective state may make it harder to identify the various different determinants or components of wellbeing - rather as the assumption that there is only one form of intelligence measured by IQ has often been damaging and is now having to be unpicked. Ideally, measures of the different components of wellbeing would help direct attention to which aspects of wellbeing have deficits and need particular attention.

A solution would be to develop a measure of wellbeing with clearly defined and identifiable domains. We already know that as well as minimum material standards, a number of factors are important to both physical and mental health as well as to happiness. They include the quality of early childhood, social relationship (including friendship and community life) and reducing social status differentiation. Although unitary subjective measures of wellbeing would not in themselves tell us how to improve it, the separate domains might help us see where the major deficits were, which were improving and which not.

3. The Individualistic Fallacy

It is too simplistic merely to add up *individual* answers to questions about wellbeing into a societal picture of what matters. For example, we might all want more income or more education and do better with it, but if its benefit to individuals is that it improves the social position of one person in relation to others, there may be no net gain if the whole society's income or education improves. This "individualistic fallacy" is at least as important as the ecological fallacy, and is likely to be important wherever factors related to social status may be important. At the societal level, the sum of individual benefits may turn out to be a zero-sum game. Given

that the desire is to know about wellbeing in whole populations, this means that we should not place an uncritical reliance on data aggregated from individual measures.

4. Inequality

The inequality of income has been included in a number of previous measures of wellbeing because the economic theory of diminishing returns seems to apply to such a wide range of resources and goods. It implies that the wellbeing derived from more of almost anything will be greater among those who have less of it than among those who have more. No one doubts that this applies to income and most of the vast range of things income buys. In effect every additional £1 makes more difference to the wellbeing of poorer than richer people.

We have now shown that societies with smaller income differences between rich and poor have much better outcomes among almost all of the problems which have social gradients which make them increasingly common lower down the social ladder. More unequal societies tend to have lower life expectancy, higher infant mortality, higher rates of mental illness, lower standards of child wellbeing, lower levels of trust, cohesion and social capital, more violence, higher teenage pregnancy rates, higher prison population, higher use of illegal drugs, poorer maths and literacy scores among young people, higher obesity rates and lower social mobility.

What this means is that problems which – as everyone knows – are associated with social status within societies, get worse when the status differentials in the population are increased. (Note that if social gradients in these outcomes were simply the result of selective social mobility, that would not explain why these problems are anything from twice as common to ten times as common in more unequal societies. The evidence suggests that they are, instead, substantially a response to social status differentiation itself.)

The vast majority of the population would regard every one of these outcomes as marking lower standards of wellbeing. Most of them are behavioural outcomes which must have psychosocial causes. Indeed, the body of this research seems to show that income inequality has psychosocial effects over and above the effects which income distribution has on wellbeing through diminishing returns. Closer to the heart of the matter are likely to be feelings of superiority and inferiority and all the effects of greater social class differentiation.

Material inequality provides the raw material from which the cultural markers of social status are constructed – constructed to create social distances and the appearances of superiority and inferiority which go with them. Indeed, to believe that it is possible to remove the scourge of class prejudice without reducing income differences is rather like thinking you can slim without worrying about the calories.

For hundreds of years people have had an intuitive sense that inequality is divisive and socially corrosive. The data from many different studies now seems to confirm the truth of that intuition: societies with bigger income difference between rich and poor are less cohesive, people trust each other less and there is more violence. To live in a friendlier more cohesive society, in which people feel safe to walk home alone at night even in major cities, are important components of wellbeing.

Politicians of all parties have expressed a desire for a classless society and equal opportunities for all. The class divisions and social prejudices which limit equality of opportunity are serious obstacles to higher levels of wellbeing. It has been demonstrated repeatedly that societies with bigger income differences between rich and poor have consistently less mobility (National Equality Panel 2010; Blanden 2009; Wilkinson and Pickett 2009.)

In an important sense the demand for "liberty, equality and fraternity" reflects a perceptive identification of the components of the social environment which make most difference to wellbeing. By liberty, the French revolutionaries meant not being subservient or beholden to the feudal aristocracy – analogous perhaps to the modern dislike of class and status distinctions. Fraternity was also about the quality of social relations: in the modern world we would probably talk about a more cohesive society with stronger community life. Greater equality is a precondition for getting liberty and fraternity right, for a more cohesive society which is not divided by status distinctions.

The evidence from social epidemiology and an increasing number of other academic disciplines suggests that perhaps the most powerful determinant of wellbeing in the rich countries is the quality of social relations. We all value friendship and would prefer friendlier social environments. Similarly, we dislike many of the social divisions created by social class differentiation. The quality of social relations seem to be the most important drivers of stress as it affects both physical and mental health. A review of 208 studies of how stress hormones respond to different experimental stressors showed that the kinds of stressor which most reliably raise levels of stress hormones are "Tasks that included social-evaluative threat (such as threats to self-esteem or social status), in which others could negatively judge performance". (Dickerson and Kemeny 2004)

Our evidence suggests that greater inequality increases those "social evaluative" threats right across society and for many, may change social contact from being a pleasure into a slightly stressful ordeal which makes people retreat into privacy – keeping themselves to themselves. In more equal societies people judge each less by social status, there is less status competition and status insecurity.

With an eye on standards of wellbeing in the future, it is also worth pointing out that more equal societies are also better at dealing with the challenges of reducing carbon emission and moving towards sustainability. They appear less driven by consumerism (the main threat to reducing

carbon emissions) and better able to act for the greater good as they are more public spirited.

Conclusions

When measuring wellbeing, we therefore urge the ONS to look more deeply than an assemblage of subjective indicators, to the more fundamental determinants of wellbeing among the population as a whole. The choice is between superficial measures which will do little more than allow politicians to present themselves as concerned with more than GNP per capita, or measures which may contribute to a much deeper recognition of the direction in which societies need to develop if the real quality of human life is to continue to improve.

As greater equality is one of the most powerful influences on the quality of the social environment – as indicated by social cohesion, the strength of community life, levels of trust and violence – it must surely play a prominent part in wellbeing. All the more so because greater equality also seems to reduce almost all the problems associated with lower social status. To ignore the central position of inequality in international comparisons of so many objective markers of a society's wellbeing would surely be to fail to provide the crucial information essential for the good functioning of the democratic process.

When it comes to setting a national strategy for improving wellbeing, the government must place a reduction in inequality – a reduction in the gap between rich and poor – at the heart of the endeavour. Otherwise they will be overlooking the simplest and most effective policy lever available to them.

**The Equality Trust and One Society
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References used in the text:

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National Equality Panel. *An anatomy of economic inequality in the UK* Government Equalities Office 2010

Wilkinson RG, Pickett KE. *The Spirit Level: why equality is better for everyone.* Penguin 2009

About The Equality Trust:

The Equality Trust is an independent campaign seeking a reduction in inequality in the UK in order to improve our society. Our campaigning is based on evidence which we use to raise awareness of the damage caused by inequality right across society. This evidence is most comprehensively set out in the book, ***The Spirit Level: Why Equality is Better for Everyone*** by Richard Wilkinson & Kate Pickett. Much of the evidence can also be accessed via our website at www.equalitytrust.org.uk.

Key findings in *The Spirit Level* are as follows:

- comparing 23 of the rich developed market economies and then comparing the 50 US States it was found that the more equal countries and States did consistently and markedly better across a wide range of health and social indicators;
- whilst levels of inequality correlated strongly with these health and social outcomes economic growth did not, suggesting that for developed world societies the key to better social well-being now lies in more equitable income distribution rather than in getting richer;
- the benefits of greater equality go very far up the social spectrum and were not simply confined to the poorer sections of society;
- even small moves towards making societies more equal could yield significant improvements in health and social outcomes;
- more equal societies are greener and prioritise environmental goals and sustainability higher than more unequal societies, and;
- there are different routes to greater equality, from the Scandinavian model of high taxes and re-distribution via a generous welfare state through to the Japanese (and New Hampshire, US) model of narrower pay differentials before tax. Greater equality can be entrenched within economies by adopting a more diverse economic model with far more co-operatives, mutuals and employee ownership. Such inherently democratic structures are less prone to wide pay differentials and discourage a culture of excessive top pay and bonuses.

About One Society:

One Society's work is based on a wealth of research which shows that large divides in income at the top and bottom of society – beyond 'proportional rewards' - are damaging to our economy and society, not just those at the bottom but right the way up. We work to promote policy and practice which reduce excessive income inequality. One Society works in partnership with The Equality Trust.