

1

The Equality Effect

Greater economic equality benefits all people in all societies, whether you are rich, poor or in-between. The truth of this has only become evident recently, and is contentious because it contradicts the views of many in the elite. Countries that have chosen to be more equal have enjoyed greater economic prosperity while also managing to develop in ways that are more environmentally sustainable. In contrast, countries that have taken the road of growing inequality, such as the UK and the US, have seen increasing complaints from their populations about the costs or scarcity of healthcare, housing and many other basic necessities. Poorer countries that are more unequal also see more suffering. The evidence is now overwhelming that we need to set in motion the equality effect.

The tide has already begun to turn. It is early days, but we can now see where we are heading and those of us who argue for greater equality are beginning to make the running again. Those who would foster inequality are now on the back foot. In the UK and the US, inequality advocates made the running from 1978 all the way through to the financial crash in 2007-8. With hindsight, egalitarians were often on the back foot during those three decades. Whereas, in great contrast, from the 1920s right through to the early 1970s, economic equality was increasing most of the time in the US, UK and most other affluent states in the world and the views of those who argued for equality were much more popular. Today we are again at a crossroads. Other forms of equality – gay rights, women's rights, civil rights,

disability rights – continued to be fought for in the 1960s, then won in later decades, and then more widely introduced after the 1990s, but often without the economic emancipation that could have enhanced their impact. Wage inequality between women and men remains high because overall wage inequality is high. People who resent being low-paid take out their anger on people they see as potentially inferior to them: women, immigrants, people with disabilities, people with different sexualities, in fact any group of people with a trait that can be used to differentiate them from a supposed majority.

Today even rightwing politicians sometimes talk of wanting to increase economic equality. They often express their concern for those ‘left behind’ economically, but it is hard to see any evidence that they are interested in much more than the votes of such people. However, the fact that they have changed how they talk demonstrates a more widespread change in our common understanding. Their immediate predecessors talked of ‘rewarding talent’, ‘a rising tide lifting all boats’, ‘allowing the tall poppies to bloom’ to the supposed (but not actual) benefit of all. Now even the perpetrators of growing inequality claim they are against it, but they do not admit to their own complicity in creating, maintaining and even increasing it.

The tide may be turning again towards greater economic equality, but the case for it needs to be made clearer – otherwise rightwingers will again subvert the argument. They will claim they are against inequality while quietly promoting a rebranded version of it.

The case for greater equality is *not* just the reverse of the case against income and wealth inequality. Gaining greater equality has a set of particular positive effects on a society that we can call ‘the equality effect’. Greater economic equality makes us all *less* stupid, *more* tolerant, *less* fearful and *more* satisfied with life. It may bring even greater benefits than that. We are not sure because we have tolerated immense inequality for so long that we can’t be certain of all that is possible when we eventually do treat each other with economic respect. Until recently the idea that greater equality of economic outcome could have a positive effect was viewed as a dangerous idea.

‘It is so easy for people to have sympathy with suffering. It is so difficult for them to have sympathy with thought. Indeed, so little do ordinary people understand what thought really is, that they seem to imagine that, when they have said that a theory is dangerous, they have pronounced its condemnation, whereas it is only such theories that have any true intellectual value. An idea that is not dangerous is unworthy of being called an idea at all.’

Oscar Wilde, 1891¹

When you read the words ‘ordinary people’ in the quotation above, did it make you a little uncomfortable? The person who wrote those words, Oscar Wilde, was a champion of greater equality but he lived in times that were so unequal that using ‘ordinary’ as an insult then raised few hackles. He was writing in 1891 and was calling the elite ‘ordinary’ in an attempt to encourage some of them to think differently.

The world changed so much in the century that followed that we are now ever so careful before we publicly pronounce a group as being ‘ordinary’ although, of course, we are all, in most ways and most of the time, just ordinary, common, people. It was rising economic equality, achieved long after Oscar Wilde died, that led to our now being so careful over our choice of words to describe others. You would be shocked if you were transported back in time to 1891 to hear how people talked about the poor, women, people living in other countries, even children. Children were then often beaten and in the upper classes were told they had to be ‘seen, but not heard’. So much improved when we became more economically equal; but it is only in hindsight that we can now recognize that this improvement was the equality effect in action.

The equality effect can appear magical. In more equal countries, human beings are generally happier and healthier: there is less crime, more creativity, more productivity, more concern over what is actually being produced, and – overall – higher real educational attainment. The evidence for the benefits of living more economically equitable lives is now so overwhelming that it has begun to change politics and societies all over the world.

For the three decades prior to 2008, some countries, including the US and the UK, chose a path that led to greater inequality, often on the assumption that there was no viable alternative. Yet, even under intensifying globalization, the people of many other nation-states have continued to take a different road and have chosen ever greater equality. Today, it is often through the examples of how life differs between more and less economically equitable countries that we are able to measure the equality effect.

The time will come when this positive equality effect will be as readily accepted as the benefits of women voting or of former colonies gaining independence, which were seen as outlandish ideas only a century ago – and that time may come very soon. The benefits come as we gain greater equality than previous generations enjoyed and can look back on the past to register the effect. We no longer have to rely on just ‘a dangerous idea’ because we now have evidence of what happens when some countries choose to become more economically equitable and others don’t. But we also have short memories. We forget that not long ago people argued vehemently against women being allowed to vote or whole countries having their freedom. And so we often fail to ask what we are doing today that will be regarded with horror in the future.

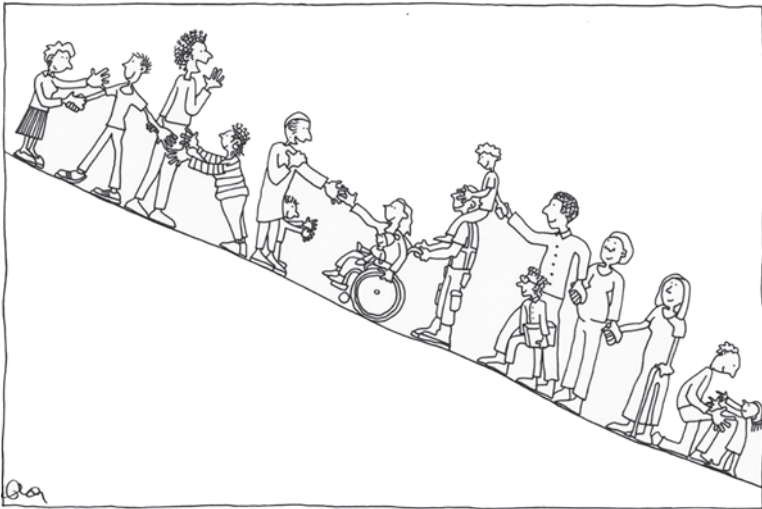
The basic thrust of this book is that human beings are found to be happier and healthier the more economically equal they are. Greater equality is not sufficient for widespread happiness, but it is necessary. This is borne out by looking at statistics from all over the world today – as well as by surveying long stretches of human history with the benefit of hindsight.²

Greater economic equality does not mean all people doing very similar work, or living in very similar types of families, or similar homes. It does not mean all schools being the same or all people being paid exactly the same. It means moving towards all people being fairly respected and rewarded for the work they do, the contributions they make and the needs they have. Money is relative. If some people are over-rewarded, others are effectively fined.

Equality means being afforded the same rights, dignity and freedoms as other people. These include the right to access resources, the dignity of being seen as able, and the freedom to choose what to make of your life on an equal footing with

others. Believing that we all deserve such parity is very far from suggesting that we would all do much the same if we actually had more equal opportunities.³

People differ greatly from one another in what they most enjoy doing and are best at. We both come with and develop different propensities to be good at different things. We are often best at doing what we most enjoy doing – or end up most enjoying what we are best at. And we almost all enjoy being praised for doing a good and useful job, being praised for being a good neighbor or parent, or being otherwise helpful, kind and unselfish. Under greater economic equality, people are freer to choose to do what they are best at. Efficiency increases.



Look at the picture above. It shows a happy band of people going up a slope. They are all helping each other. Yes, one is at the front and one is at the back (but definitely not left behind), also some are short and some are tall, some fat, some thin, some disabled – we all have disabilities. We have learnt from the Paralympics that no-one should be denied the opportunity to give it a shot. If you have ever climbed hills, you will know what happens. You see the top and, when you get there, the view is much better but you also see another top. You might need a rest, but you don't give up because you want to see the view from even higher up. And climbing as a group is far more enjoyable and far safer than trying

to climb on your own. Together we can seek greater equality, but we also achieve it just in the trying.

Although leftwing and green politicians tend to advocate greater equality more vocally, and rightwing and fascist ones might become members of their particular political parties in order to oppose it, equality is actually not the preserve of any political label. Great inequality has been sustained or increased under systems labeled as socialist and communist. Some free-market systems have seen equalities grow and the playing field become more level. Anarchistic systems can be either highly equitable or inequitable. Many such social systems existed in the past before the rule of law and the concept of property became widespread, and they were not all greatly equitable or inequitable.

The politics of economic equality and inequality is not the preserve of any one single group. It is easily conceivable that economic inequalities between men and women could reduce to zero and yet widespread inequalities remain between rich and poor. In some ways that has already occurred in some countries between people who are gay, straight or in-between, but that does not make those countries necessarily happy places if within each group economic inequalities are still widespread. Although Oscar Wilde would still be amazed at what has been achieved, he would undoubtedly argue that we must now search for the next shore of greater equality to land on, rather than simply celebrate what has been achieved so far.

The uninspiring nonsense of inequality advocates

Advocates of inequality are predictable and often annoyingly repetitive in their arguments. They tend to churn out uninspiring nonsense about the especially deserving rich and the undeserving majority, how doing others down (minimizing labor costs) will somehow help all in the end, and why any wealth created needs to be unequally distributed. For inequality advocates, the only alternative to great inequality that they can imagine is the equal sharing of misery. They suggest, with no evidence at all, that under greater equality everyone is less happy. When the evidence is actually examined the five countries in the world in which people are actually happiest are Switzerland, Iceland, Norway,

Finland and Denmark, which all also ‘have strong social security systems’.⁴

Often advocates of inequality are ignorant of contemporary alternatives and also fail to recognize that their equivalents in the past are now forgotten whereas past champions of equality are remembered and celebrated, including Emmeline Pankhurst, Martin Luther King and Oscar Wilde. Can you remember the names of any who opposed them who are today revered?

Advocates of inequality can draw on largely US-based ‘corporate misinformation networks’ funded by tobacco, coal, oil, chemical and biotech companies, with their satellite policy foundations that try to pretend to be independent of their paymasters. The purpose of these groups is to ‘portray the interests of billionaires as the interests of the common people’.⁵ But the data these organizations collect is biased, one-sided, superficial and based on numbers which can be used to tell any kind of story you wish depending on how you select among them. Often they resort to telling stories about fictional individuals or groups, as when they pit ‘benefit scroungers’ against ‘hard-working families’. And they always select the stories that – miraculously – work to sustain their money, their power and their interests.

Inequality advocates like to tell stories rather than interpret and evaluate evidence. They also accuse egalitarians of being advocates of uniformity when, in fact, the opposite is the case. When economic inequalities are great, the children of the poor are channeled towards menial, unproductive work but the rich and powerful must also play particular roles and are less free to be who they might really like to be. They steer their children into segregated schools and universities, which eventually herd them towards high-paid jobs such as finance, law or the family business, and which determine their future friendship groups, future spouses and partners. When high economic inequality is tolerated, the freedom to choose who you want to be, and to do what suits you best, is curtailed for the rich as well as the poor.

In times and places of greater equality we are (and have been) freer to choose our individual roles and how we each can best contribute. Under great inequality, the vast majority of people are condemned to lives of uniform and monotonous relative poverty,

while many of the rich have remarkably similar lifestyles and are uniformly drab in their acquisition of status symbols. Can you imagine what future generations will make of the desire in Britain, and other countries that permit this, to pay for personalized license plates on vehicles? In future, people might well ask why a few chose to mark themselves out as arrogant, narcissistic and willing to waste money by buying such license plates. But at times of great economic inequality the affluent have always adorned themselves with silly symbols, from codpieces to cravats, which are always later perceived as symbols of stupidity and arrogance.

Later in this book examples are given from many different countries, but I am writing it in Britain and will take that country as my first and most usual example. In the UK today, total household wealth is £11,000 billion (worth around \$13,400 billion as I write, though it would have been nearer \$16,500 billion before the Brexit referendum in June 2016; readers from other countries will perhaps forgive me if, in these uncertain times, I do not attempt to translate all the sterling sums in what follows into US dollars). Almost half (45 per cent) of that wealth is held by the richest tenth of households. The poorer half of all households holds in total a fifth of that wealth (9 per cent) or 25 times less per household. Between 2012 and 2014 the wealth of the best-off tenth increased by three times more (21 per cent) than the wealth of the poorest half (which only rose by 7 per cent), but the wealth in the middle increased the least of all (by 4 per cent) making median average UK household wealth in 2014 £225,100. All of this makes the median about as unrepresentative as a median can get.

At the same time some seven per cent of UK households owned personalized license plates. In total, those license plates are estimated to be worth £2,000 million, equal to the total wealth of some 10,000 median households. Most of that £2,000 million will be the value of just the most distinctive minority of those personalized number plates. The money that the richest pay for personal license plates could raise the families of hundreds of thousands of children out of poverty. And, while you can't even see your own personal license plate while driving, others will read it as a sign of how little you care about their not having money.⁶

Under great inequality people might be encouraged to be more individualistic but they also lose individuality by status seeking, aping their betters, and worrying greatly about how they are perceived. There is far more variety when we are more equal, far more color in the world and we all have wider horizons. Just look at how dull and drab and sad the advocates of inequality are, at how they confuse greed with talent,⁷ wealth with happiness and achievement with selfishness. Some people clearly think that having a license plate that says 'RICH 1' will impress others but then they are also surprisingly reticent about their own precise incomes being known. They just want you to think that they have more than you.

In 2016 one British Member of Parliament, Alan Duncan, was so incensed at the suggestion that he and his fellow politicians should reveal the income they acquired each year from outside sources that he said if this was revealed Parliament would become: 'stuffed full of low achievers, who hate enterprise, hate people who look after their own family and who know absolutely nothing about the outside world.'⁸

The 'outside world' looked in and mocked Alan at his suggestion that he was a high achiever who knew so much. He looked to all intents and purposes like a sneering little rich boy trapped in a self-congratulatory bubble. A few years earlier he could have said the same thing and not appeared so foolish. However, that

