



Inequality and social dysfunction

Richard Wilkinson

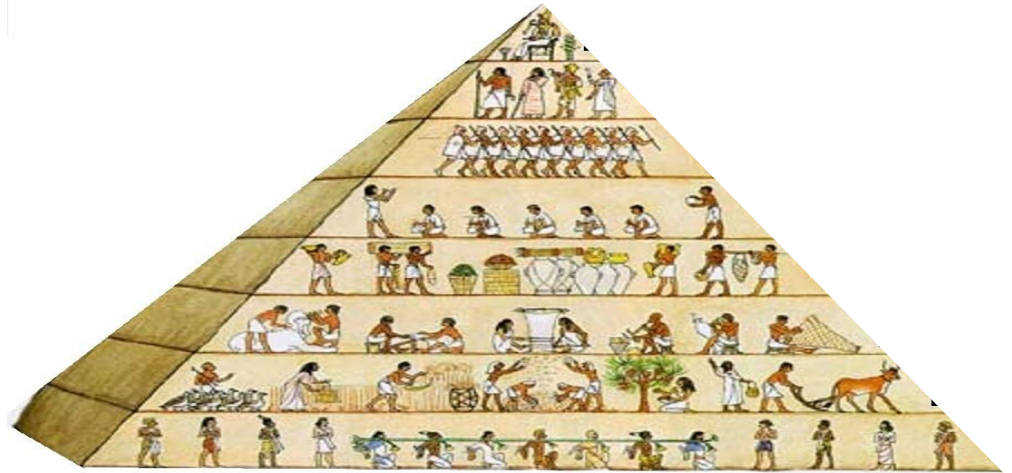
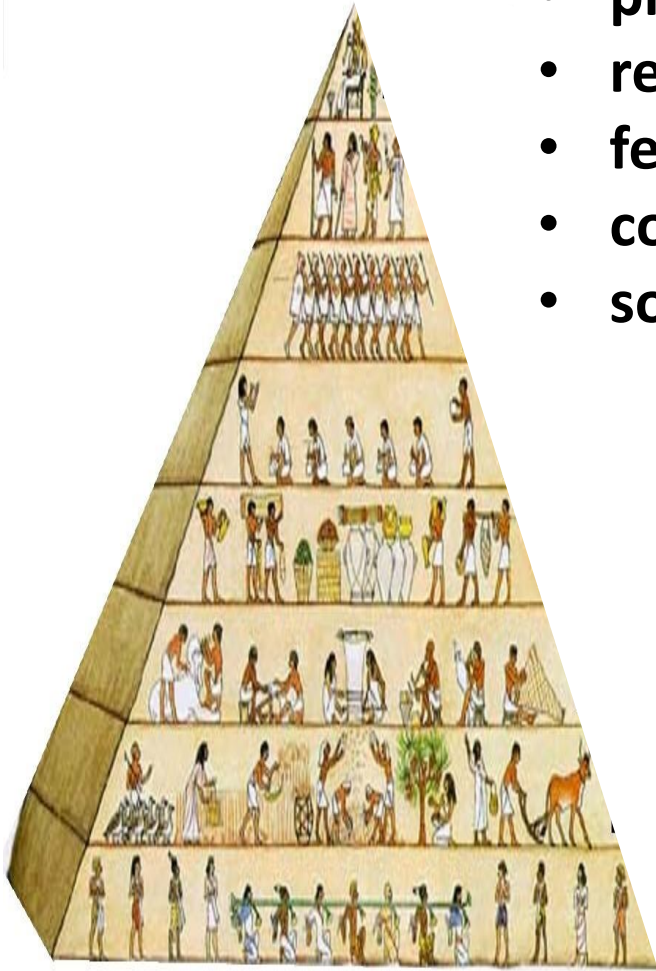
Transparency Task Force

On-line, 25th Nov 2020



Bigger material differences create bigger social distances and increase social class differentiation:

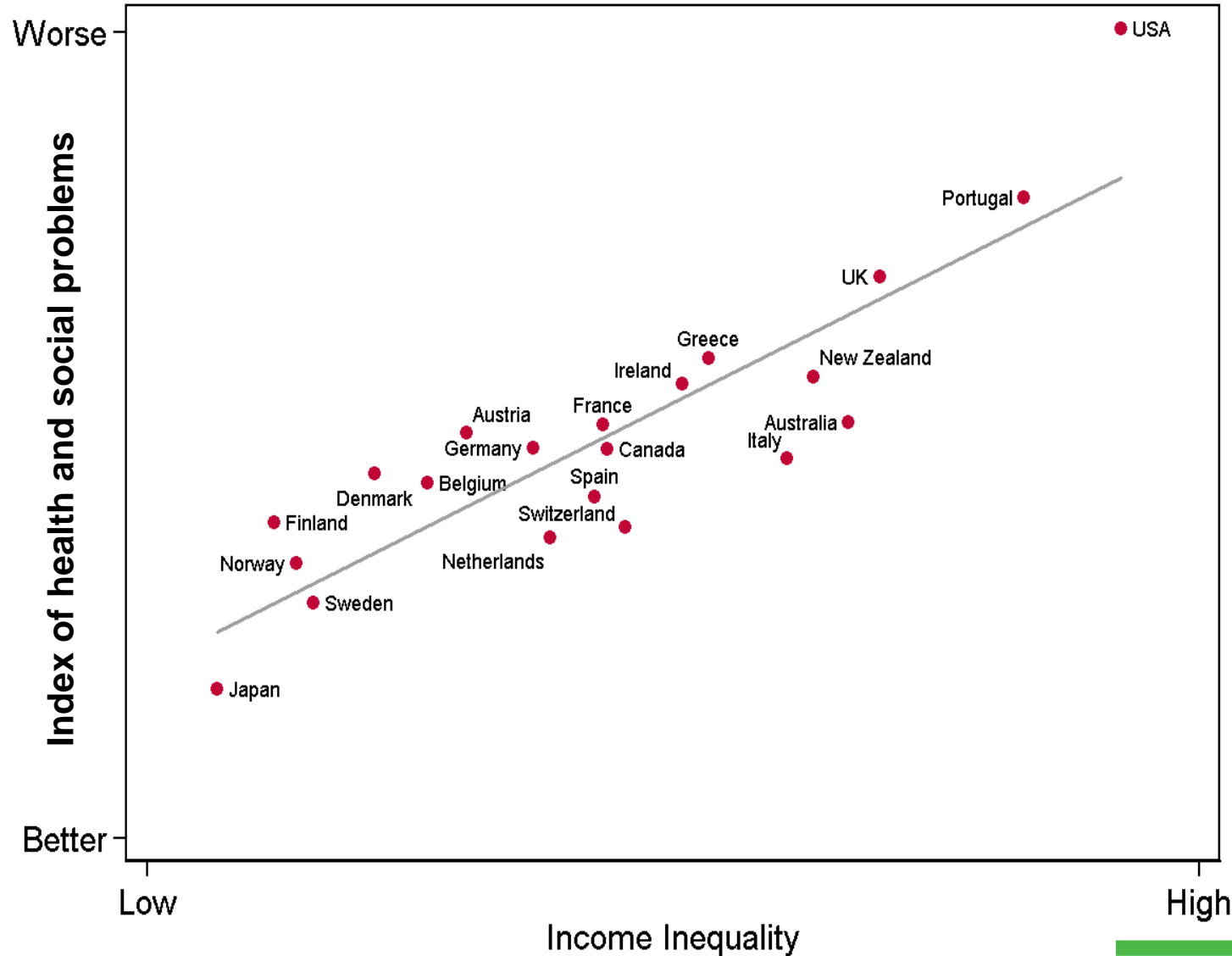
- problems related to social status increase,
- residential segregation increases,
- fewer interclass marriages,
- community life weakens,
- social mobility declines.



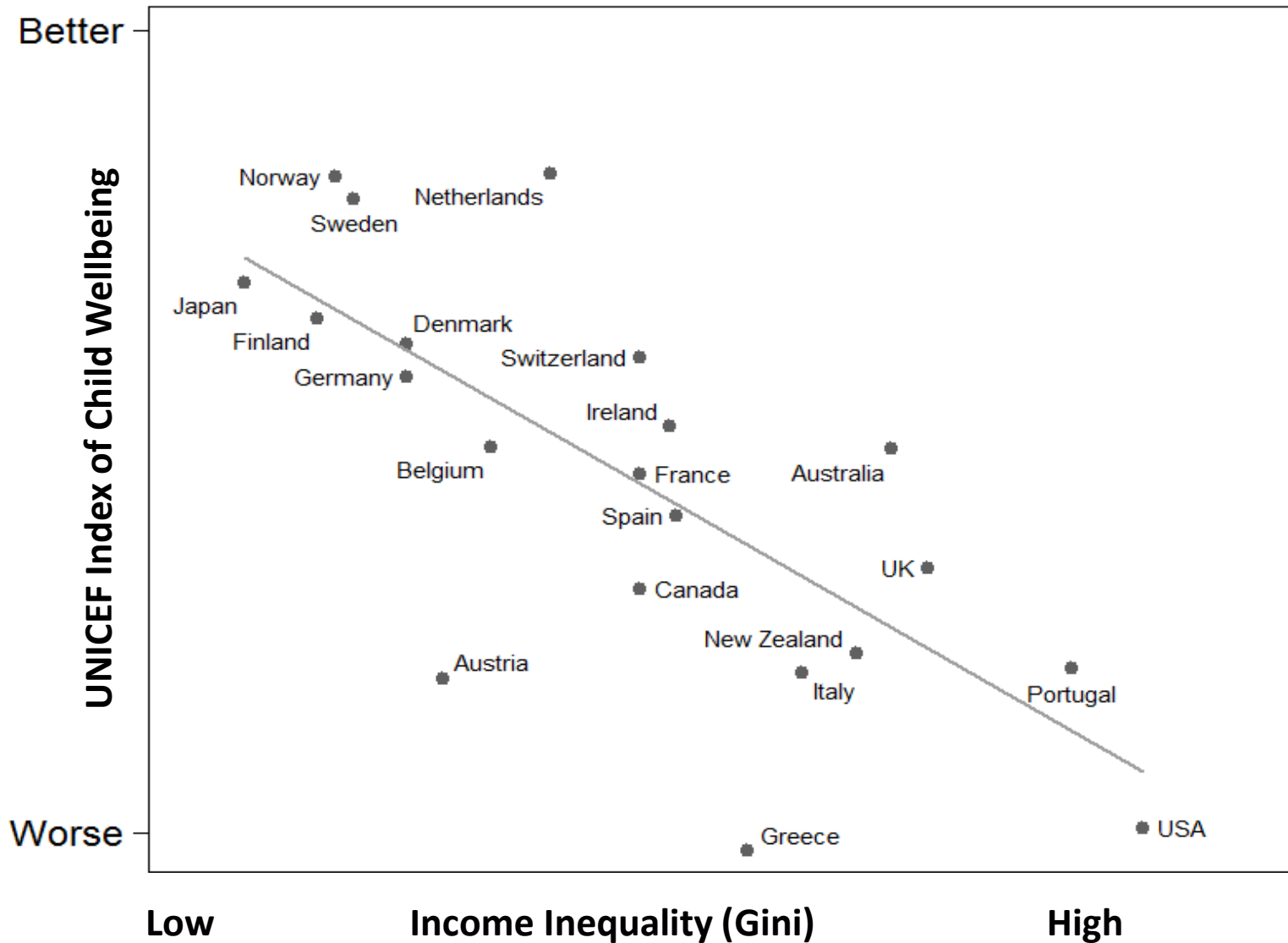
Health and social problems are worse in more unequal countries

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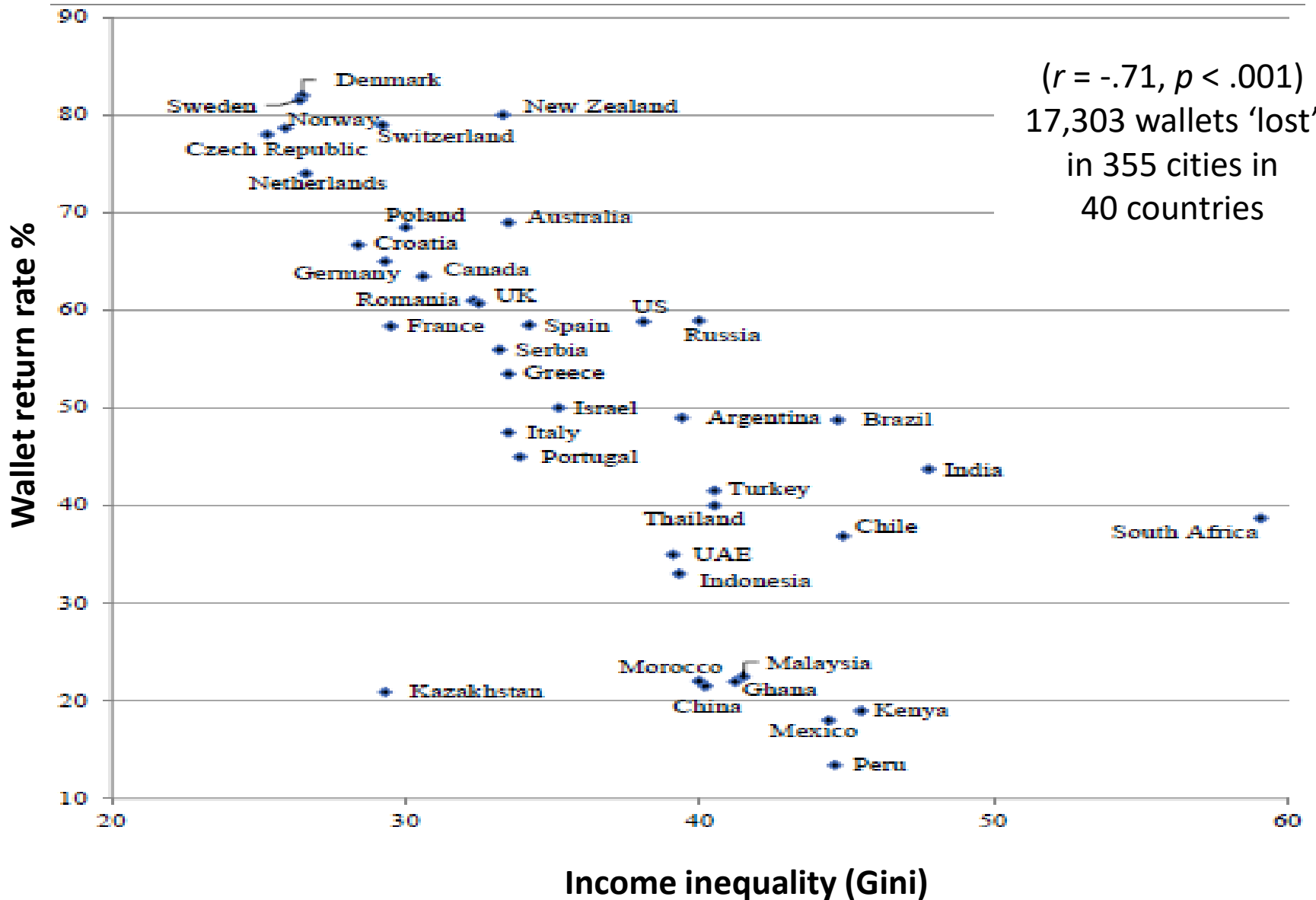
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



Child Wellbeing is lower in more unequal countries



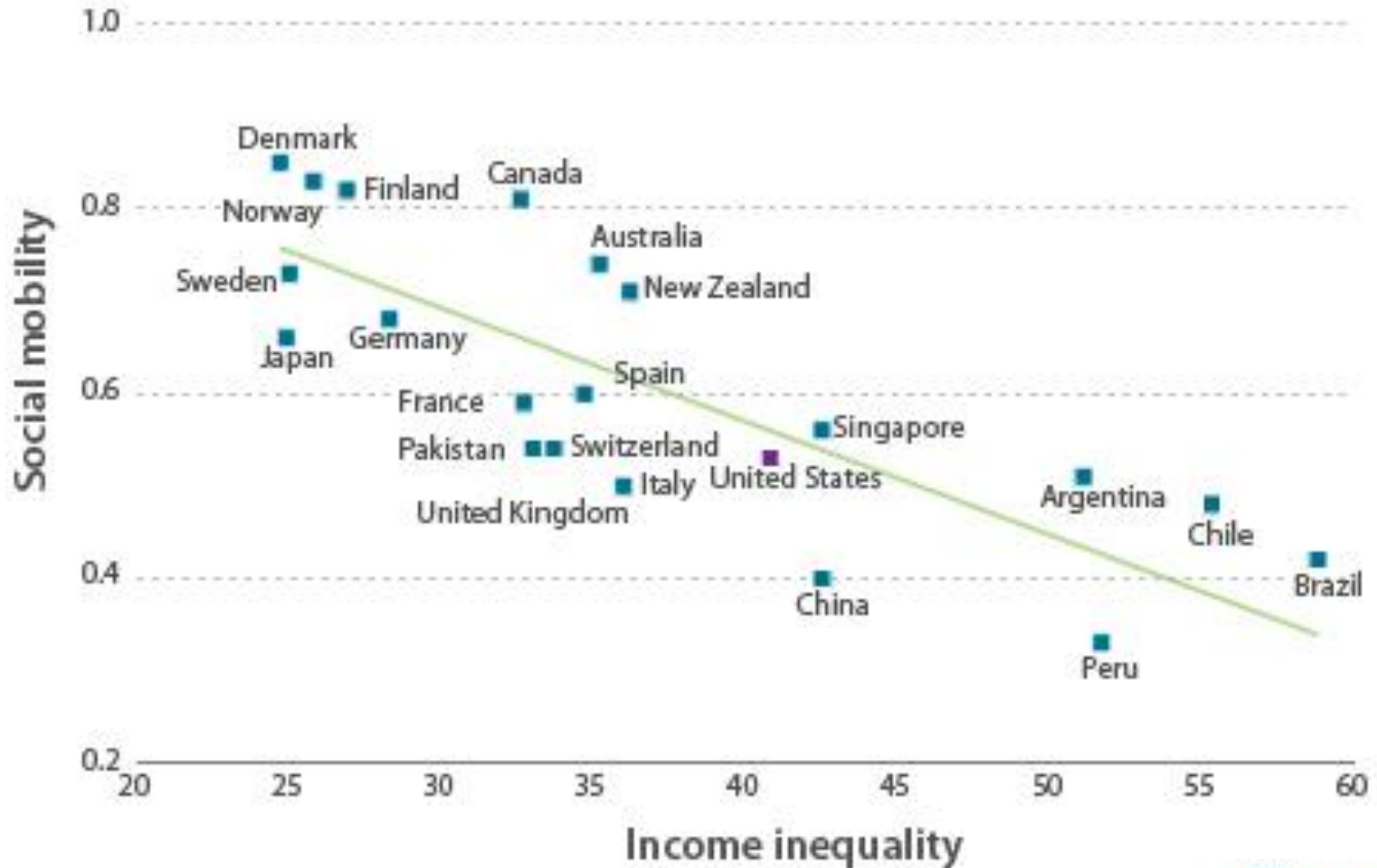
Fewer lost wallets are returned in countries with greater inequality



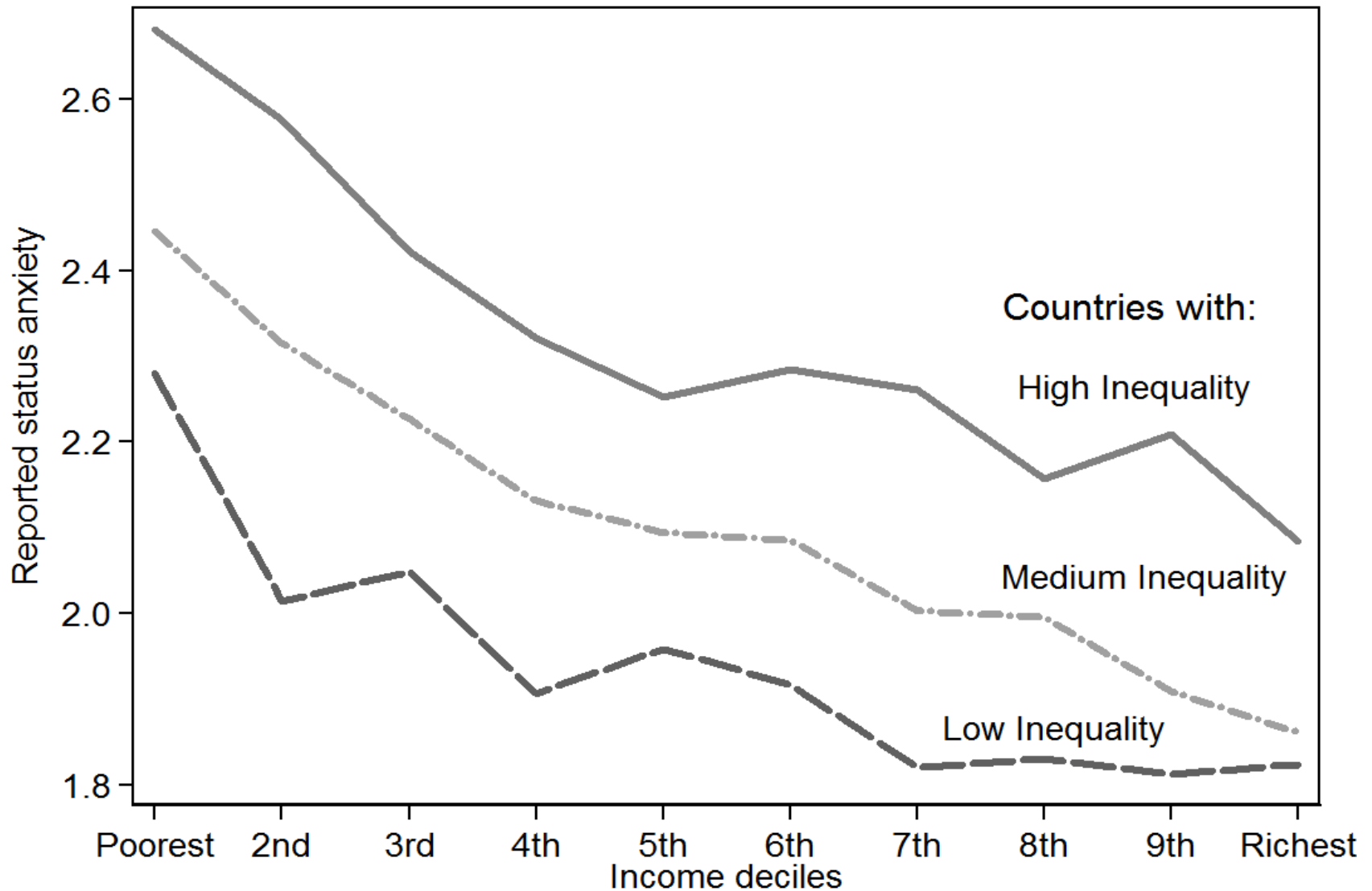
Imprisonment rates are higher in more unequal countries



Where income inequalities are larger, there is less social mobility



Status anxiety is higher at all income levels in more unequal countries



Redrawn from Layte and Whelan (2014), data kindly provided by Richard Layte

Inequality increases conspicuous consumption and consumerism

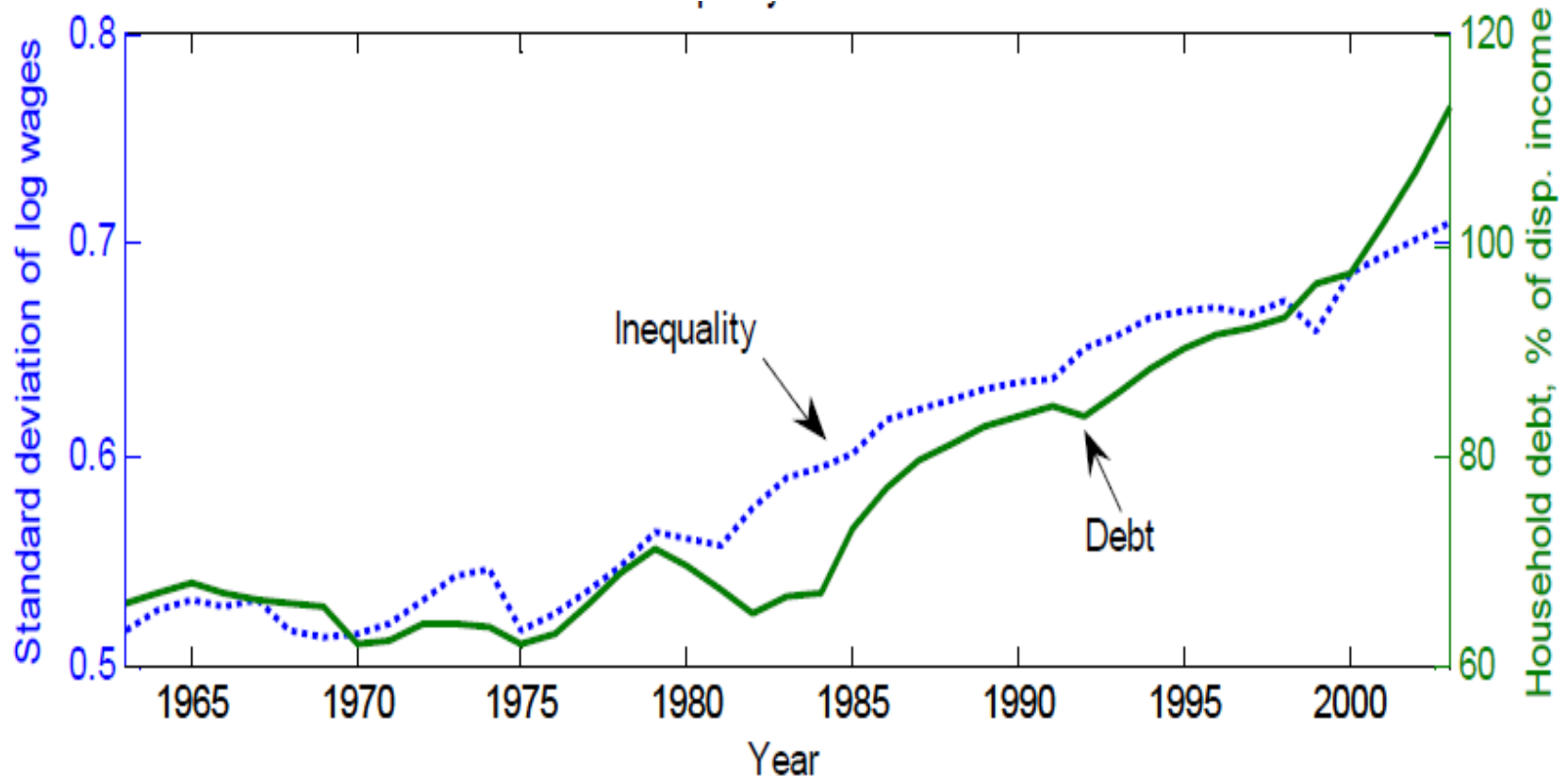
- **People in more unequal areas of the USA are more likely to buy high status cars**

Bricker J., et al. Signaling Status: The Impact of Relative Income on Household Consumption. Finance and Economics Discussion Series, Divisions of Research & Statistics and Monetary Affairs, Federal Reserve Board, Washington, D.C. 2014

- **People in more unequal US states and more unequal countries are more likely to buy status goods**

Walasek L, Brown GDA. "Income Inequality, Income, and Internet Searches for Status Goods. Social Indicators Research: 1-14. 2015. Walasek L, Brown GD. "Inequality and status seeking. Psychol Sci. 2015; 26(4):527-33

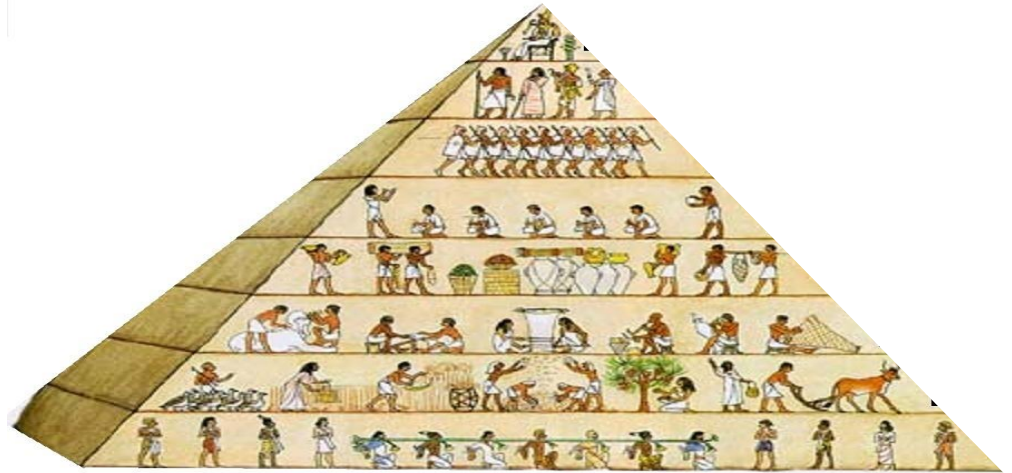
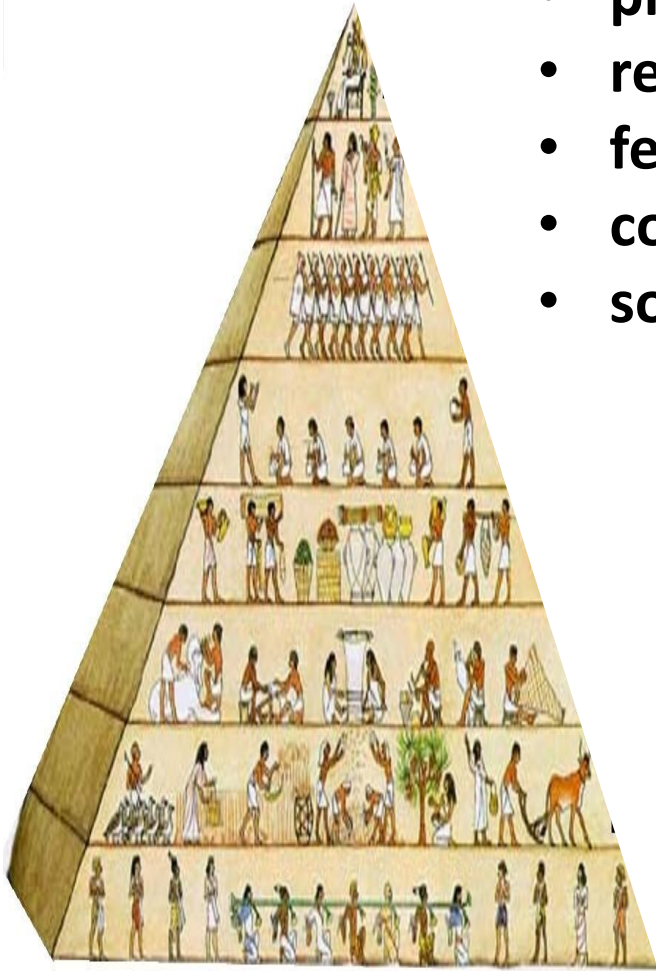
Household Debt and Income Inequality USA



Iacoviello M. Household Debt and Income Inequality, 1963–2003. *Journal of Money, Credit and Banking* 2008;40(5):929-65.

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Income inequality

The naïve view: Inequality only matters if it creates poverty or if income differences seem unfair.

A more accurate view: Inequality brings out features of our evolved psychology to do with dominance and subordination, superiority and inferiority. It affects how we treat each other and feel about ourselves. Inequality increases status competition and status insecurity. It increases anxieties about self-worth, and intensifies worries about how we are seen and judged – whether as attractive or unattractive, interesting or boring etc...