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THE SPIRIT LEVEL AT 15

The Enduring
Impact of
Inequality



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FOREWORD



The Rt Hon Liam Byrne MP is the Labour MP for Birmingham Hodge Hill and Solihull North. He served in Gordon Brown's Cabinet. Liam chairs the Parliamentary Network on the World Bank and International Monetary Fund and is an Honorary Professor at the University of Birmingham. His latest book is *The Inequality Of Wealth. Why It Matters And How To Fix It* (2024).

The Spirit Level forever changed the debate about inequality, and when I look back on the fifteen years of discussion it provoked, three things stand out. First, the book skewered an idea popular on the political right that inequality is good for us; the essential spur to 'get up and go' that all successful economies need. The Spirit Level helped explain how and why inequality is not some elixir of economic growth, but a toxin that poisons progress.

Its publication came as the IMF and OECD were discovering that unequal societies grew more slowly than more equal nations. It presaged the Obama White House analysis – popularising the work of Miles Corak – of the Great Gatsby Curve, showing how social mobility collapses in countries riddled with inequality.

The second stand-out is that *The Spirit Level* explained why. It refocused the debate about inequality to a more sophisticated analysis of inequalities. From physical to mental health, drug abuse, education, imprisonment, obesity, social mobility, trust and community life; violence, teenage pregnancies and child well-being, it provided a new clarity, and we saw how the battle against it required whole-of-government solutions.

Thirdly, *The Spirit Level* reinvigorated a tradition that has inspired progressive politics from the Levellers to John Ruskin, to Labour's 1945 Manifesto; that justice and kindness, not ruthless exploitation, should define our relations. The Archbishop of Canterbury gave me a phrase I've never forgotten; 'We come alive', he said, 'in relationship to each other'. When relationships are unequal, we all suffer; unhappy relationships lead to unhappy societies and the risk of drifting into a caste society where life possibilities depend on the circumstances into which someone is born.

Now updated, Richard Wilkinson and Kate Pickett's analyses show the impacts of inequality remain just as strong today. For years, they must have felt like Cassandra as their warnings of the perils of austerity were ignored by those within Downing Street, and a new, unparalleled inequality multiplied. Sales of luxury mansions, super yachts and private jets reached an all-time high while food-banks ran out of food.

There is hope in Britain that we may be on the cusp of turning *The Spirit Level's* ideals into an alternative to the long years of austerity that divided our nation. This moment of possibility must be seized: laws, budgets, policies, programmes and services must be reset. There is a new mandate for a new government to build a fairer, happier and more equal country. We must put the political victory to work, and the philosophy and urgency of *The Spirit Level* must infuse, inform and animate each day of every government department. This is why – updated, and fifteen years on – *The Spirit Level* is more than ever required reading.

A handwritten signature in black ink that reads "Liam Byrne". The signature is fluid and cursive, with a long horizontal line extending to the right.

EXECUTIVE SUMMARY

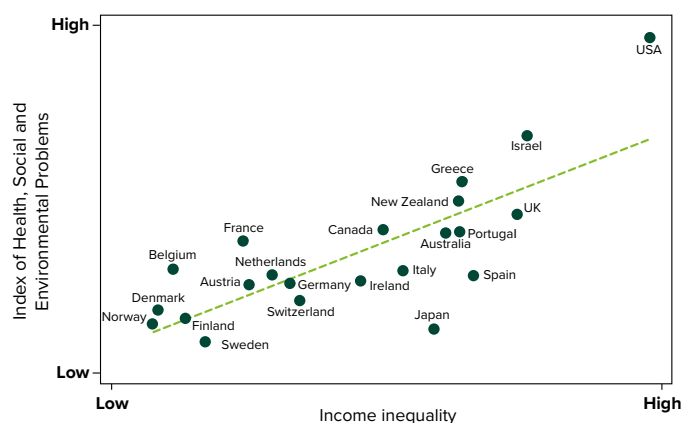
In 2009, *The Spirit Level* sounded the alarm on the corrosive effects of economic inequality with a comprehensive analysis linking inequality to a wide range of social ills, from higher rates of imprisonment and mental health issues to eroded trust within society. The book led to the establishment of The Equality Trust to campaign to reduce inequality and heal social divides. Fifteen years on, the warnings of *The Spirit Level* ring truer than ever. Our new report is a rallying cry to reject the false narratives that have justified inaction, and to boldly confront systemic inequalities.

Large income disparities make class differences bigger and more powerful. These differences act as a powerful social stressor that deceives us into thinking that some people are better and worth more than others, creating feelings of superiority and inferiority that stigmatise others. With this comes a culture of competition over cooperation that increases social dysfunction across numerous measures. Moreover, the hubris of the ultra-wealthy is destroying our world. The richest 1% worldwide emit as much greenhouse gas emissions than the poorest 66% combined. Shrinking their massive environmental footprint must be recognised as indispensable to controlling the climate crisis.

Biased public policies and flawed economic systems are serving a few wealthy people at the expense of the wellbeing of people and

planet. This update to the analyses of *The Spirit Level* underscores how inequality lies at the root of our escalating environmental, health and social crises, as can be seen when the new Index of Health, Social and Environment problems is plotted against income inequality.

Figure ES1: A country's level of health, social and environmental problems is significantly and strongly associated with inequality



1. INEQUALITY IS CENTRAL TO THE CLIMATE CRISIS

Consumerism is a major threat to sustainability, but it can be reduced by lowering the inequality that intensifies status competition and increases the desire for personal wealth. Rising income inequality drives up carbon emissions, reduces recycling rates, increases detrimental air pollution, and lowers political will to prioritise the environment over economic growth.

Ultimately, we must safeguard our planet and guarantee wellbeing for all, and that demands that we drastically reduce inequality and fundamentally alter our economic objectives to achieve deep decarbonisation and tackle the climate crisis.

Carbon emissions inequality: The carbon-intensive investment and consumption patterns of the ultra-wealthy – including private jets, yachts, and large homes – contribute significantly to carbon emissions. **The carbon emissions of the rich are a smaller proportion of the ecological footprint in more equal countries.**

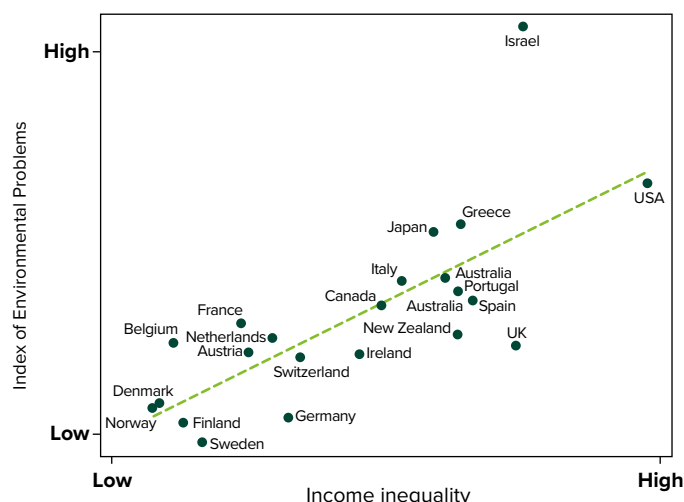
Recycling: High inequality intensifies status competition and class insecurity, leading to overconsumption and a throwaway culture. This reduces social cohesion and public responsibility, undermining recycling efforts. **More equal countries recycle a higher percentage of their waste compared to less equal countries.**

Air pollution: Income inequality exacerbates exposure to harmful PM2.5 particles, with poorer communities facing higher pollution levels despite contributing less to overall levels. There is no safe threshold to air pollution below which no adverse effects would be anticipated. **Countries with greater income disparities often face**

more severe air pollution.

Prioritising the environment versus economic growth: Traditional GDP metrics fail to account for income inequality and environmental degradation, prompting calls for alternative measures of economic wellbeing. To achieve a just transition, it's crucial not only to focus on economic indicators and models, but also to understand public opinion on environmental issues. **Higher income inequality reduces political cohesion and the willingness to support environmental initiatives.**

Figure ES2: Environmental problems are significantly and strongly associated with inequality



2. INEQUALITY ERODES SOCIAL COHESION

As income and wealth inequality rise, status anxiety and populism grow, and social cohesion erodes. Inequality not only increases social distances but also fosters a sense of relative deprivation, alongside worry about how others perceive us.

What emerges is a culture of competition rather than collaboration, increasing feelings of insecurity and inadequacy among the less affluent. The resulting isolation and chronic stress increases violence and vulnerability to mental illnesses. Wealth and income inequality also compound inequalities, such as those related to race and gender, leading to more discrimination and exclusion of people already in the margins, deepening their vulnerabilities. Income inequality sits at the heart of social cohesion and wellbeing. When inequality worsens, so do trust, democracy, racial inequality, gender inequality, homicide rates, imprisonment, mental health stigma, and equal opportunities.

Trust: High income disparities lead to social segregation by fostering an ‘othering’ mentality, making it challenging for people to trust those outside their socioeconomic circle, and reducing the quality of interactions in everyday life. **In unequal countries, trust levels are lower, exacerbated by inequality, reducing the effectiveness of public institutions and governance.** This leads to struggles over resources, decreased policy support, and increased reliance on enforcement mechanisms.

Democracy: Significant economic inequality leads to an unequal distribution of political power. A major challenge to preserving democratic integrity is curbing the influence of large corporations and of the wealthy elite, who often use their growing wealth to influence and oppose democratic reforms that could increase their tax contributions or diminish their already disproportionate financial advantages. **Countries with lower levels of income inequality have higher levels of democratic governance.**

Racial inequality: The seemingly complex processes that lead to the disparities faced by ethnic minority communities are driven by three entrenched and interconnected forms of racism: structural, institutional, and interpersonal. The oppression, exploitation, and incarceration of racialised people are inextricably connected to the violent histories of enslavement, colonialism and racial capitalism that are continually reproduced within current economic structures.

As income inequality widens, racial equality diminishes.

Gender inequality: Unless the structural causes of economic inequality are addressed, the main beneficiaries of women’s economic empowerment will be those already at the top of the economy; predominantly the richest men. **Countries with higher income inequality also have high gender inequality.**

Homicides: High income inequality often leads to ‘epidemics of shame’, linked to social comparison, fears of inadequacy and feelings of inferiority as a result of greater income inequality. **More equal countries have lower homicide rates.**

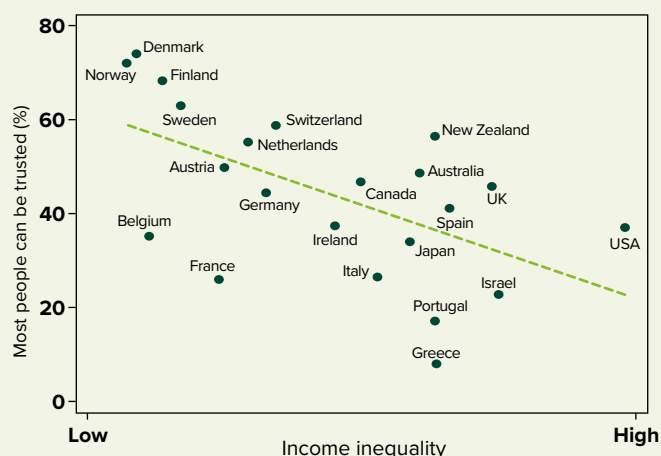
Imprisonment: Incarceration rates have reached unprecedented levels. In more unequal societies, the relationship between imprisonment and inequality is primarily defined by harsher sentences, rather than higher rates of crime. **High inequality leads to high imprisonment rates.**

Mental health stigma: Inequality makes social status more important and increases status anxiety. Mental illness is viewed as a ‘discredited’ characteristic, meaning it is viewed as a marker of inferior status. People become more likely to distance themselves from those who are looked down on and regarded as inferior. **Higher income inequality is associated with a higher likelihood of people saying they would find it difficult to speak to a person with a significant mental illness.**

Lack of equal opportunity: Inequality begins at birth, and a person’s starting place strongly influences their opportunities later in life. **Widening inequalities entrench the income distribution, and high inequality lowers the perceptions of opportunity for economic advancement.**



Figure ES3: Lack of trust is significantly and strongly associated with income inequality.



3. INEQUALITY PREJUDICES THE CHANCES OF CHILDREN AND YOUNG PEOPLE

For the vast majority of young people today, the policies that allowed an obscenely large share of the world's wealth to accumulate at the highest income levels have resulted in a challenging present and an anxiety-inducing future.

The largest global youth population in history, today's young people bear the burden of being failed by a broken social contract through social, economic and political inequalities that are not allowing them the living standard afforded to their parents, and they are being robbed of the opportunity to reach their fullest potential. Inequality prejudices the chances of children and young people, impacting child wellbeing, educational underachievement, educational inequality, teenage births, the parity of spending on young people and social mobility.

Child wellbeing: In high-income countries, relative socioeconomic positioning is more influential on child wellbeing than absolute income, leading to significant inequalities in terms of health, education and social exclusion, as well as emotional and material environments. **High inequality leads to lower child wellbeing.**

Educational underachievement: Levels of attainment are significantly predicted by family income. **In more unequal countries, higher proportions of young people lack basic skills in reading and maths at the age of 15.**

Educational inequality: Rather than mitigating economic inequalities, the education system reflects them, and these educational gaps translate into future income inequalities. **High inequality creates a persistent educational achievement gap in maths and reading scores between the most and least advantaged students.**

Teenage birth rates: Teenage births are frequently, although not always, driven by a lack of meaningful choice and limited agency. **Highly unequal countries have higher rates of teenage births.** However, the focus on teenage births as a social harm reinforces a narrative that blames the individual, rather than viewing it as

Figure ES4: A country's level of child wellbeing is significantly and strongly associated with income inequality.



a symptom of larger social systemic issues rooted in economic disparity.

Parity of spending for younger children: As the inequality gap grows, less public spending is targeted to where it has the most potential for increasing opportunities and supporting lifelong trajectories of wellbeing. **Countries with lower income inequality spend more appropriately on the early years, where investment of resources can have the most benefit.**

Social mobility: The meritocratic role of hard work as the foundation of economic success is a myth. Young people nowadays do not have the same chances as those in the past unless they come from extremely wealthy families. The socioeconomic level of one's parents is closely related to one's own social and economic outcomes as an adult. This 'transmission of disadvantage', compounded by poverty, pushes the poorest and marginalised to the bottom and keeps them there. **Income inequality decreases social mobility – in more unequal countries a larger fraction of economic advantage or disadvantage is passed from one generation to the next.**



4. INEQUALITY IS A DETERMINANT OF POPULATION HEALTH AND WELLBEING

Health inequalities result from the social conditions in which people are born, grow, live, work and age, and from inequities in power, wealth, and resources – the social determinants of health. Rising income inequality has worsened infant mortality, life expectancy, excess deaths from COVID-19, life satisfaction, and the prevalence of drug use, diabetes, asthma, obesity and mental illness.

Infant mortality: Despite overall advancements in healthcare reducing infant mortality over the past four decades, progress in England has tragically stalled since 2014. In 2024, the infant mortality numbers still have not returned to their 2014 low. **More equal countries have lower infant mortality rates.**

Life expectancy: Over the past decade, progress in increasing life expectancy has stalled across many wealthy nations. The slowdown has disproportionately impacted the most deprived communities and regions, with men in the least deprived areas living an average of 9.3 years longer than those in the most deprived areas; for women, the gap is 7.4 years. **Countries with higher income inequality tend to have lower average life expectancy.**

Excess COVID-19 deaths: COVID-19 mortality was particularly dire in countries that had low public trust in institutions, less civic engagement, and higher income inequality, underscoring how pre-existing socioeconomic inequalities were critical in determining how populations experienced the pandemic. **More unequal countries had significantly higher excess deaths related to COVID-19.**

Life satisfaction: In an era of unprecedented wealth, we are witnessing soaring numbers of people suffering from emotional distress, exhaustion, and isolation. Satisfaction in life is mediated by how we compare ourselves to others, rather than absolute income. The visibility of uber-wealthy lifestyles creates dissatisfaction among the less wealthy by imposing feelings of inferiority onto them. **People feel more satisfied with life when there is less income inequality.**

Drug usage: For most people, being at the bottom of the social ladder is painful. A history of trauma, poor mental health, social exclusion, and poverty is common among frequent drug users. In the UK, the cost-of-living crisis is causing immense stress, fuelling an increase in drug use rates. **Countries with high income inequality are associated with higher drug use.** Instead of a criminal law problem, which aggravates social ills without decreasing usage, the compulsion to use drugs is largely a social health problem.

Prevalence of diabetes: Diabetes is one of the leading causes of death and disability worldwide and is a major risk factor for heart disease and stroke. **There is a steep association between income inequality and the age-adjusted prevalence of diabetes among adults.**

Asthma: As with diabetes, the global burden of asthma is rising. People from lower socioeconomic backgrounds are more likely to be exposed to significant asthma triggers and causes, such as mould exposure in substandard housing, smoking and air

pollution. **There is a higher prevalence of asthma in more unequal countries.**

Adult and childhood obesity: Global obesity rates have tripled over the past 50 years. Rising obesity levels need to be understood as socially patterned with the obesogenic environment. **Levels of adult and childhood obesity tend to be lower in countries that also have lower income inequality.**

Mental illness: Mental illness is the leading cause of disability worldwide, making inequality a public mental health crisis. **A much higher percentage of the population suffer from mental illness in more unequal countries.** Mental illnesses must be made political and seen in relation to their systemic causation, instead of overly individualised and pathologized.

Figure ES5: Infant mortality is significantly and strongly associated with income inequality.



5. KEY RECOMMENDATIONS

Reducing economic inequality may not be a panacea for health, social and environmental problems, but it is central to solving them all. And the threats of further delay are too severe – we must take action, and fast.

It is essential decision-makers act quickly to reverse decades of rising income and wealth inequality to make sure everyone

can live a good life, treating inequality reduction as a priority and not as an afterthought. Government bodies need a comprehensive action plan that is well-planned, strategically implemented, and adequately budgeted. These plans should actively involve people directly impacted by inequality as the architects of policy development, to ensure the solutions are relevant and effective.

WE CALL ON GOVERNMENT TO:

- 1. Commence the Socio-economic Duty (SED):** The SED, as outlined in Section 1 of the Equality Act 2010, is a tool designed to reduce inequalities resulting from socioeconomic disadvantage. Despite its potential, this duty has not been enacted in England, although it has been successfully implemented in Scotland and Wales. All public bodies should be required to conduct Socioeconomic Impact Assessments as part of their decision-making processes. These assessments should evaluate how proposed policies, programmes, and projects will affect socioeconomic inequalities. To ensure compliance and effective implementation of the SED, a dedicated body such as the Equality Hub or the EHRC should oversee the process.
- 2. Create co-production mechanisms:** Develop mechanisms and closed feedback loops for communities to actively participate in identifying needs, designing services on how best to meet them, and overseeing accountability through co-production processes.
- 3. Introduce wealth taxes:** Permanent and progressive wealth taxes must play a strong role in raising the tax base to fund the cost of public services, redistribute wealth, and stabilise economies through reducing inequality. Annual wealth taxes must start at around 2% on millionaires, and 5% on billionaires.
- 4. Transform the social security system:** Revise existing welfare policies to end poverty-increasing caps, reduce conditionalities, and end punitive sanctions, particularly for vulnerable populations and those with caregiving responsibilities. Universal Credit must have an Essentials Guarantee so that the basic rate covers life essentials, including the costs of food, household bills and travel. To guarantee no one falls between the cracks, the transformation must replace one-size-fits-all methods with the proper combination of targeted population-focused programmes and universal policies.
- 5. Invest in community wealth building (CWB):** Establish a CWB Task Force to develop and enact policies that support CWB principles, including incentives to channel investment into good local jobs, municipal forms of organisational ownership, public procurement practices that benefit local supply chains, and the role of anchor institutions in promoting decent work.

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NOTES ON GRAPHS

The graphs in this report are charts linking income inequality to different health, social and environmental problems. They show these relationships for 22 rich market democracies.

The graphs have income inequality along the horizontal line (the x-axis) so societies with low levels of inequality are to the left, and societies with high levels of inequality are towards the right of the graph. The different environmental, social and health problems are shown on the vertical line (the y-axis) on the left-hand side of the graph.

Each graph has two features. First, there is a scatter of points, one for each country, so that readers can see exactly where each country is placed and how it compares to others. Second, there is a line, called the regression line, which shows the 'best fit' relationship between income inequality and each outcome. This is a statistical estimation that allows us to say how closely income inequality is correlated with each outcome, and how unlikely it is that the pattern we see could result from chance alone.

If the line slopes upwards from left to right, it shows that the outcome becomes more common in more unequal countries. This pattern tends to occur with bad outcomes, such as violence. If the line slopes downwards from left to right, it shows that the outcome is less common in more unequal countries. We see this pattern for things that we think of as positive, such as trust or child wellbeing.

A wide scatter of points around the line means that there are other important influences on the outcome. It doesn't imply that inequality is not a powerful influence, simply that other factors matter as well. A narrow scattering of points means that there is a very close relationship between inequality and the outcome, and that inequality is an excellent predictor of the outcome.

For more details on these statistics, methods, and additional charts, please see the [Technical Appendix](#).

DATA COMMENTARY

The politics of data is often obscured because data maintains a veneer of objectivity.¹ However, examining the political nature of data raises a number of questions: who is collecting the data, whose data is being collected, how is the data being framed, and what is the data being used for? When we ask these questions, we can lift the veneer to show that data is not necessarily neutral; it can be shaped by competing interests, biases, and agendas of those who produce and use it.

To maintain methodological consistency, this report provides an updated analysis of the same set of countries used in *The Spirit Level*. While data from all countries in our report are subject to competing biases to varying degrees, data collected and analysed from Israel is particularly difficult to assess, given its current occupation of Palestinian land. Data collected in Israel by international organisations often relies on data supplied by relevant Israeli authorities, which may not account for the status of territories such as the Golan Heights, East Jerusalem and settlements in the West Bank.^{2,3} International law considers these areas illegally annexed or occupied territories, and while reported data often includes the Israeli settlers in these areas, it excludes Palestinians from the same datasets. The exclusion of Palestinian statistics from data collection, where people living in the same area are included or excluded because of their ethnicity, deepens this inequality and provides an inaccurate picture of socioeconomic inequality of the population.

Israel's inequalities cannot be fully understood without considering the inequality inherent in its occupation of Palestinian territories. Israel's policies and economic conditions force Palestinians to live under a system of apartheid characterised by the discriminatory allocation of land, housing, water and other resources.^{4,5,6} As Palestinians struggle to access water and sanitation, employment, healthcare, food security and education, most of their resources are diverted to Israelis. For example, there are eight times more Palestinians than settlers in the West Bank, but settlers use 70% of the water resources.⁷

In 2021, the International Criminal Court began an investigation into the alleged war crimes committed by Israel in events dating back to 2014, which is ongoing.⁸ More recently, the International Court of Justice found plausible violations by Israel of the Genocide Convention.⁹ The inclusion of Israel's data in this report does not aim to legitimise or condone any actions that constitute violations of international law or human rights. Rather, it serves to provide a background on the effects of its unequal policies felt both within Israel and in the Occupied Palestinian Territories, and to question the collection of data relating to its illegal occupation.

In *The Spirit Level*, Israel was the sixth most unequal country; it is now the second most unequal out of the countries examined and has somewhat worse health, social, and environmental problems than predicted even by its high levels of inequality. However, even if Israel were to perform better across the dimensions observed in the report, this backdrop of violence does not figure in the data. Successive Israeli governments across the political spectrum have maintained an institutionalised regime of systemic oppression that is shaped by Israel's geopolitical and demographic considerations at the expense of Palestinians. Any increase or decrease in inequality in Israel must be scrutinised against the occupation and crimes against humanity towards Palestinian lives and land.

By presenting this data, The Equality Trust acknowledges the grave injustices faced by the Palestinian people under Israel's occupation. It is our hope that our analyses will contribute to efforts towards justice, accountability, and the right for Indigenous self-determination.

INTRODUCTION

“The future is already here, it is just unevenly distributed” – William Gibson

In 2009, *The Spirit Level* sounded the alarm on the corrosive effects of economic inequality. At a time when only a few academics were exploring this issue, the book provided a comprehensive analysis linking inequality to a wide range of social ills – from higher rates of imprisonment and mental health issues to eroded trust within society. There was hope that this work would catalyse a new era of redistributive policies aimed at reducing inequality and healing social divides.

However, the book’s release coincided with a change in the UK government from Labour to Conservative, initially in coalition with the Liberal Democrats. From 2010, rather than heeding the warnings, successive governments ushered in and presided over a 15-year period of austerity measures and funding cuts to vital public services such as education and social protection. Government spending as a percentage of GDP plummeted from 42% in 2009-10 to just 35% by 2018-19. This disinvestment worsened many of the harms highlighted in *The Spirit Level* – the UK’s prison population increased, infant mortality worsened, and the country retained its dismal status as the most unequal nation in Western Europe.

Alarming, wealth inequality has become even more pronounced than income inequality, with the top 1% experiencing the largest gains. Wealth inequality is even more intractable than income inequality because wealth can be passed down through generations, produces its own income through interest, capital gains, dividends and rent, and is not sufficiently or progressively taxed. Billionaire wealth has skyrocketed by over 1000% since 1990, and the rest of humanity has been left behind. In the UK, the number of billionaires has exploded from just 11 in 1990 to 165 today. The country’s public wealth has collapsed while the richest families have seen their fortunes accumulate rapidly. Today, the richest 52 families in the UK have more wealth than the bottom half of the population. If this trend continues, by 2035 the richest 200 families will have more wealth than the entire UK GDP.¹⁰

Governments must understand that tackling inequality is both a moral and economic necessity.

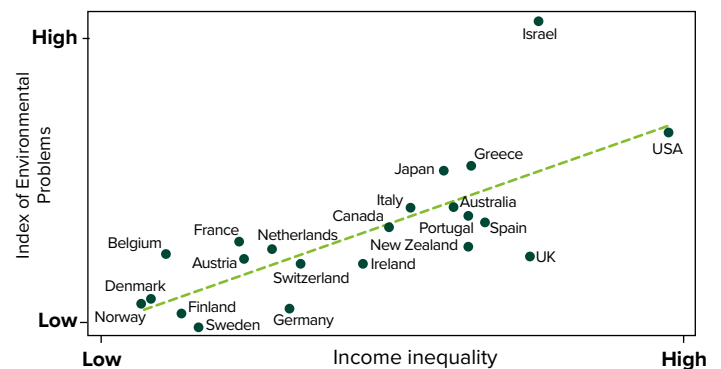
For too long, the idea has endured that societies can function effectively with stripped-down public spending and rising inequality. However, high inequality leads to widespread social dysfunction and higher long-term costs. These costs of inequality are staggering – in a previous Equality Trust report, we showed that the UK alone could save £126 billion per year by reducing income disparities to the level of the most equal OECD nations. These savings would come from reducing inequalities in just four outcomes: healthy life expectancy, mental illness, homicide, and imprisonment. The cheapest way to run a society? Reduce inequality.

This update underscores how inequality lies at the root of our escalating environmental, health, and social crises, seen in sharp relief when the new Index of Health, Social and Environment Problems is plotted against income inequality in Figure 1. This report also offers a new Index of Environmental Problems, figure 2, and introduces new dimensions exploring the intersection of inequality with gender and race. The evidence is clear: inequality

Figure 1: Inequality is significantly and strongly associated with a country’s level of health, social and environmental problems.



Figure 2: Inequality is significantly and strongly associated with environmental problems.



hurts everyone. Large income disparities make class differences bigger and more powerful. These differences act as a powerful social stressor that deceives us into thinking that some people are better and worth more than others, creating feelings of superiority and inferiority that stigmatise others. With this comes a culture of competition over cooperation that increases social dysfunction across numerous measures.

Fifteen years after its initial publication, the warnings of *The Spirit Level* ring truer than ever. Our new report is a rallying cry to reject

the false narratives that have justified inaction, and to boldly confront systemic inequalities. Reducing economic inequality may not be a panacea for health, social and environmental problems, but it is central to solving them all. And the threats of further delay are too severe – we need to take action, and fast.

The report is divided into 5 sections. Section 1 explains how inequality is central to the climate crisis, showing how rising income inequality will drive up carbon emissions, reduce recycling rates, increase detrimental air pollution, and lower political will to prioritise the environment over economic growth. **Section 2** explains how inequality erodes social cohesion, worsening trust, democracy, racial inequality, gender inequality, homicide rates, imprisonment,

mental health stigma, and equal opportunities. **Section 3** explains how inequality prejudices the chances of children and young people, impacting child wellbeing, educational underachievement, educational inequality, teenage births, the parity of spending for early years education, and social mobility. **Section 4** explains how inequality determines population health and wellbeing, leading to high infant mortality, reduced life expectancy, excess deaths from COVID-19, lower life satisfaction, and the prevalence of drug use, diabetes, asthma, obesity, and mental illness.

The report concludes with a set of key policy recommendations that can help governments to create conditions for communities to thrive, so that everyone has a good life, now and in the future.



SECTION 1: INEQUALITY IS CENTRAL TO THE CLIMATE CRISIS

The hubris of the ultra-wealthy is destroying our world. The richest 1% emit 100 times as much greenhouse gas emissions as the typical person in the poorest half of the world's population.¹¹ Shrinking their massive environmental footprint must be recognised as indispensable to controlling the climate crisis.

At the heart of the climate crisis are socioeconomic disparities of income, wealth, and political power, as well as social stratification rooted in race and gender. All must be reduced to achieve deep decarbonisation. The myth that 'we're all in this together' was dispelled by UN Secretary-General António Guterres who explained, "While we are all floating on the same sea, it's clear that some are in super yachts, while others are clinging to the drifting debris."¹²

When nearly 8 billion people and 5 billion species share the Earth's resources, we cannot pursue economic growth within our planetary limits. Consumerism is a major threat to sustainability, but it can be reduced by lowering the inequality that intensifies status competition and increases the desire for personal wealth. While carbon-centric approaches have focused on policies to mitigate huge greenhouse emissions, more radical transformation is needed. We know that climate change does not affect everyone equally. Vulnerable populations, and low- and middle-income countries, bear the brunt of it, highlighting the need for a just transition.

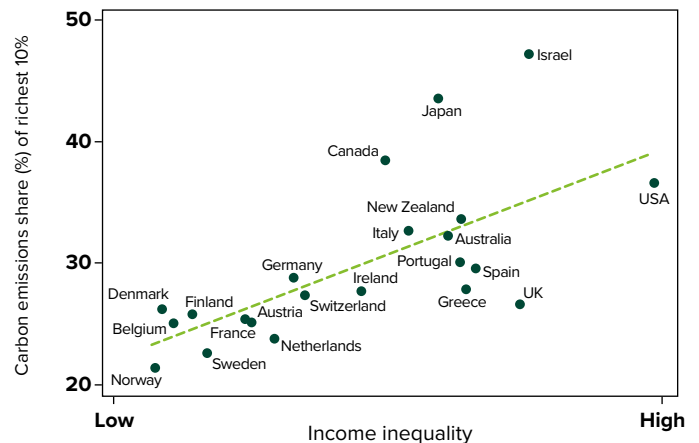
The move towards sustainability will be met with widespread opposition unless people feel that the inevitable burdens of change, and the policies necessary to drive them forward, are fairly shared. Higher income inequality reduces political cohesion and the willingness to support environmental initiatives.

By contrast, greater equality leads to a more cooperative and mutually supportive population. If we are to be more willing to provide mutual support in the face of environmental emergencies and disasters, we will need much greater equality. The wealthiest individuals and nations, having reaped the rewards of unchecked growth for centuries, must accept responsibility and be held accountable for leading this necessary transformation.

Climate change threatens the health and wellbeing of current and future generations. As equality is a central determinant of both health and wellbeing, it is vital that government policy prioritises them over economic growth, which will not solve our environmental crisis. Ultimately, we must safeguard our planet and guarantee wellbeing for all, and doing that demands that we drastically reduce inequality, take bold action against climate change, and fundamentally alter our economic objectives.

In this section, we show that rising income inequality will drive up carbon emissions, reduce recycling rates, increase detrimental air pollution, and lower political will to prioritise the environment over economic growth.

Figure 3: The carbon emissions share of the richest 10% is significantly and strongly associated with income inequality.¹⁷



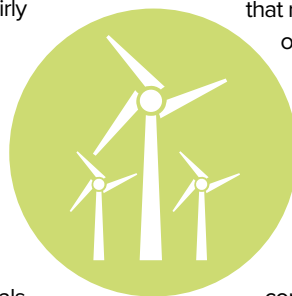
For additional graphs showing income inequality in relation to the Environmental Problems Index, progress towards the UN Sustainable Development Goals and multilateralism, see the [Technical Appendix](#).

CARBON EMISSIONS INEQUALITY

The consumption patterns of the extremely affluent – characterised by yachts, private aircrafts, multiple vehicles and enormous houses that require significant energy to run – contribute thousands of tonnes of CO₂ per rich individual annually, with emerging space tourism marking a new peak in luxury emissions.¹³ The wealthy also often invest in carbon-intensive industries, such as fossil fuels. In 2019, up to 70% of the carbon emissions of the top 1% worldwide stemmed from their capital investments in 2019.¹⁴

The most urgent environmental issues require that we confront extreme carbon inequality, where the excessive consumption and investment habits of the world's wealthiest individuals disproportionately contribute to global emissions. In the EU and UK, the poorest 50% of the population are on track to lower their emissions to the 1.5°C per capita target in the Paris Agreement, while the wealthiest 10% are forecasted to continue to consume at a rate that is five to six times higher.¹⁵ The tiny percentage of the population that is consuming an outsized portion of the carbon budget leaves less space for the rest of the world to meet their basic needs without exceeding sustainable emission levels.

Figure 3 shows the share of emissions of the richest 10%, who emit more than half of all global emissions and whose unsustainable overconsumption is driven by inequality. We find that nations that exhibit lower levels of income inequality are more focused on reducing carbon emissions: Norway performs the best, while Israel performs the worst. Carbon inequality is seemingly most pronounced on a global scale, yet disparities within nations are also significant.



These within-country inequalities are becoming a major factor in the overall extent of global inequality, and potentially have a more significant influence on political and societal willingness to undertake efforts to reduce carbon emissions.¹⁶

RECYCLING

We know the earth can no longer tolerate the unrestrained extraction, processing and use of raw materials. Overproduction has caused soil and water pollution, the degradation of natural habitats and ecosystems, and climate change as just a few of its negative consequences. Transitioning to a circular economy that prioritises closing the material loop is essential for ensuring the regeneration of our natural systems, forming the basis of a sustainable economy.

However, high inequality puts greater pressure on consumption, which is intensified by status competition and class insecurity exacerbated by the rich.¹⁸ It also leads to reduced social cohesion, decreasing the sense of public responsibility and collective will required to support environmental efforts, recycling programmes and the circular economy. The result is a throwaway culture that has led to increased waste generation and reduced recycling.

Fundamentally, reducing inequality shifts us from divisive consumerism towards a more cooperative society that can enable a just transition. In Figure 4, we see that more equal countries recycle a higher percentage of their municipal waste. Germany performs particularly well and has set a benchmark in recycling efforts, with over 45% of their municipal waste recycled – a figure that may also be partially explained by Germany’s decision to no longer use landfills.¹⁹ Portugal, a country with higher income inequality, lags significantly behind, recycling only 13% of their municipal waste.

Socially, such disparities in recycling contribute to a cycle of inequality where communities with lower socioeconomic status face greater environmental burdens, which can further entrench poverty and limit access to clean and healthy living conditions. Lower-income areas face greater barriers to participation – such as a lack of adequate recycling infrastructure – perpetuating environmental injustices and widening socioeconomic divides.

Figure 4: Recycling rates are significantly and strongly associated with income inequality.^{20,21}

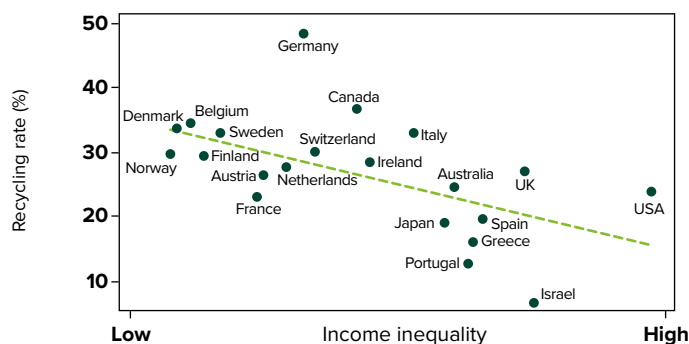
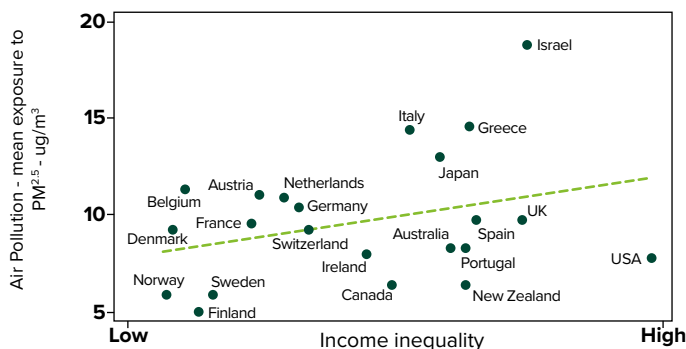


Figure 5: Air pollution is associated with income inequality.²⁶



AIR POLLUTION

Exposure to PM_{2.5} (fine particulate matter with a diameter of 2.5 micrometres or less) is associated with a range of serious health risks due to the particles’ ability to penetrate deep into the lungs and enter the bloodstream. It is the air pollutant that poses the greatest risk to health globally, affecting more people than any other pollutant. In the UK alone, air pollution is estimated to cause as many as 40,000 deaths per year. There is also no safe threshold below which no adverse effects would be anticipated.²² The cardiovascular and respiratory health effects attributable to long-term exposure to PM_{2.5} include: increased risk of ischemic heart disease, jeopardised lung function, asthma, lung cancer and lower-respiratory infections such as pneumonia, among others.²³ Vulnerable populations including children, the elderly, and those with pre-existing respiratory and cardiovascular diseases are more susceptible to the health impacts of air pollution.

There are stark disparities in who produces and is impacted by this unseen threat. As the gap between rich and poor widens, so does the exposure to harmful PM_{2.5} particles, indicating that countries with greater income disparities often face more severe air pollution, as seen in Figure 5. Norway, Sweden, and Finland perform the best, while Israel performs the worst. This inequality also results in an uneven distribution of resources and power within countries. The most economically disadvantaged and vulnerable groups, living in areas with the highest pollution levels, are hit hardest, despite being least responsible for generating pollution.²⁴ Wealthier households can afford to live in, or move to, cleaner environments, whereas those with lower incomes are more likely to be situated near sources of pollution, such as factories and highways. The economic consequences of air pollution are also significant. The OECD has highlighted that the annual welfare costs related to health impacts of outdoor air pollution, beyond those directly observed in the formal economic market, are substantial and rising. In 2015, these costs



amounted to almost US\$1.6 trillion for OECD countries and are projected to rise to roughly US\$3.9 trillion by 2060.²⁵ These costs disproportionately affect those with lower incomes, as they are more likely to suffer from health issues related to pollution and have less access to healthcare services, perpetuating cycles of poverty and illness.

PROTECTING THE ENVIRONMENT VERSUS ECONOMIC GROWTH

Over the past 15 years, the tension between economic growth and environmental sustainability has sharpened with the growing urgency of climate change impacts. Achieving environmental targets – such as those set by the Paris Climate Agreement – is incompatible with ongoing economic expansion.²⁷

Traditional GDP metrics that fail to account for income inequality, uneven social costs, and environmental degradation have prompted calls for alternative measures and models, including the need for a just transition. Further, decades of studies have shown that in affluent countries, GDP growth no longer correlates with improved social welfare. Yet despite these criticisms, economic growth remains a primary objective of governments ahead of wellbeing.

To achieve a just transition, it's crucial not only to focus on economic indicators and models, but also to examine public opinion on environmental issues. Indeed, the success of any implemented measure or policy is directly influenced by the public's environmental perception, and change can be resisted if people feel that environmental responsibility is not shared fairly. To this end, the Integrated World Values Survey and European Values Survey is here

Figure 6: Protecting the environment over economic growth is associated with income inequality.^{29,30}



used as an indicator that examines the top priority of individuals under the constraint of having to choose between protecting the environment or economic growth.

On average, an additional 10-20% of the population is more likely to prioritise the environment in more equal countries, seen in Figure 6. In Sweden, 85% of people favour protecting the environment over economic growth, compared to France and the US where it is only supported by 50% of the public. In achieving this awareness, research has shown that although workers in sectors such as manufacturing and transport are often less inclined to prioritise environmental protection, trade union membership significantly boosts their willingness to do so.²⁸ This highlights the important role of supporting unions in helping to look beyond short-term interests to protect our planet.



SECTION 2: INEQUALITY ERODES SOCIAL COHESION

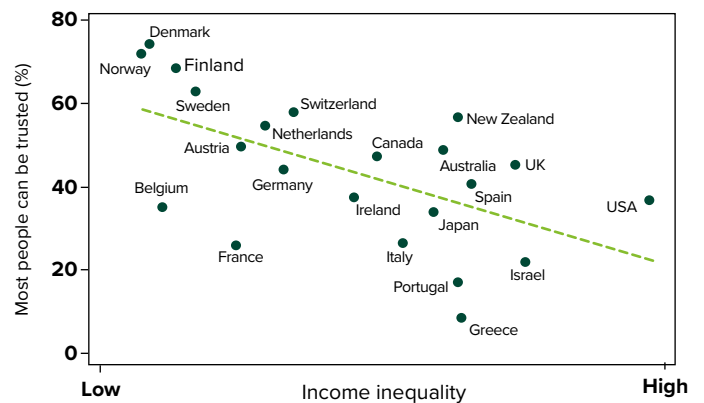
As income and wealth inequality rise, status anxiety and populism grow, and social cohesion erodes. This erosion results in increased consumption of visible markers of economic status, such as the type of car you drive or where you live, and the feelings of superiority and inferiority they reflect. Inequality not only creates social distance but also fosters a sense of relative deprivation and worry about how others perceive us. What emerges is a culture of competition rather than collaboration, increasing feelings of insecurity and inadequacy among those less affluent.

The resulting isolation and chronic stress makes us more vulnerable to mental illnesses. Wealth and income inequality also compound inequalities in race, gender, ethnicity, age and disability, leading to more discrimination and the exclusion of people already in the margins, deepening their vulnerabilities. The reduction in interclass 'third spaces', which are informal public gathering places where people can meet those outside their own social class to build community outside of home and work, further threatens this loss of social cohesion and the extent of social trust.³¹

Economic uncertainty also frequently gives rise to authoritarian and nativist political movements.³² As the gap between the super-wealthy and the rest of us widens, a sense of injustice and disillusionment with the current economic and democratic system grows among the middle and lower classes. This disenfranchisement creates fertile ground for populist and fascist leaders to exploit economic anxieties by scapegoating 'outsiders', namely minorities and immigrants, who are painted as competition for scarce opportunities and benefits.³³ In a time when social fragmentation has undermined traditionally collective structures, protectionist ideology and policies offer a symbolic equality by appealing to national pride.³⁴ This narrative not only diverts attention from the systemic causes of inequality, including stagnant wages, competition over cooperation, and loss of equal opportunities, but also deepens social divisions and increases othering and xenophobia culminating in a more polarised society.

Economic inequality is a cycle. Social unrest and the rising sweep of authoritarian movements around the world underscore the urgent need for policies that centre income, wealth, and power, to improve the quality of the social environment in which we live. This section shows how income inequality sits at the heart of social cohesion and wellbeing. When inequality worsens, so do trust, democracy, racial

Figure 7: Lack of trust is significantly and strongly associated with income inequality.^{38,39}



inequality, gender inequality, homicide rates, imprisonment, mental health stigma, and equal opportunities.

TRUST

Trust is essential for social cohesion, acting as the glue that holds communities together by paving the way for cooperation. High levels of trust reinforce mutuality in relationships, enabling people to feel secure, care for each other, and even to live longer.³⁵ Unsurprisingly, income inequality is a social divider that exerts a negative influence on levels of trust between people. High income disparities lead to social segregation by fostering an 'othering' mentality through in-group and out-group dynamics, making it challenging for people to empathise with those outside their socioeconomic circle, and reducing the quality of interactions in everyday life – whether in the workplace, at school, or on the streets.

Figure 7 shows that inequality erodes trust. People in unequal countries trust each other to a significantly lower extent than people in more equal countries. Using representative samples from the World Values Survey, the percentage of respondents who agree "Most people can be trusted" is fewer than 20% in Greece and Portugal. It is 60% to 70% in Scandinavian countries. This lack of trust is not only a consequence of growing inequality but also serves to exacerbate it, creating a vicious cycle where mistrust and inequality reinforce each other.

In countries characterised by division and mistrust, the effectiveness of public institutions and governance is reduced. People in unequal societies lack a collective sense of solidarity with each other in the form of a 'shared fate', which can give rise to a struggle over government resources, including how public goods are financed.^{36,37} This means that governments struggle to garner the necessary support to address urgent issues, preventing the effective implementation of policies over concerns of distributive justice. This lack of trust can also lead to decreased participation in the public sphere and increased spending on policing and security controls, as agreements between people cease to rely on goodwill and often require formal enforcement mechanisms.



DEMOCRACY

In 2024, more people than ever are expected to cast ballots in national elections.⁴⁰ Democratisation efforts – which include extending political power to poorer segments of society, and implementing checks and balances – can mitigate the ramifications of inequality by promoting redistribution.⁴¹ However, as wealth becomes concentrated in the hands of a few, it undermines democratic institutions and the social contract between residents and states, presenting a real threat to the political participation and influence of different social classes. Significant wealth inequality leads to an unequal distribution of political power, where elites often use their wealth to oppose democratic reforms that could increase their tax contributions or diminish their growing financial advantages.⁴²

Using The Economist’s Democracy Index, we show how as income inequality increases, the level of commitment to democratic governance decreases. In Figure 8, countries with lower levels of income inequality, such as Norway, New Zealand, and the Scandinavian countries, have higher levels of democratic governance. In contrast, the US, Israel and Portugal are among the most unequal democracies.

A major challenge to preserving democratic integrity is curbing the influence of large corporations and other bastions of economic power that have experienced exponential growth in profits over time. Nowadays, electoral competition has narrowed down to candidates who can curry favour with the ultrarich.⁴³

Using their wealth, they have overtaken the economic and political power of many countries, influencing decision-making processes by creating a dependency where national economies are significantly swayed by the business activities of a few dominant corporations. For recommendations on ways to reduce wealth inequality and its corrosive effects on democracy, see our [2024 Election Manifesto](#).

RACIAL INEQUALITY

The myth of living in a ‘post-racial’ society is one that suggests a country has moved beyond racial discrimination so that race no longer significantly impacts an individual’s life chances. Yet no country is immune to racial dynamics. Inequalities faced by Black and racialised people are distinct: they include lower levels of income, wealth accumulation, employment, educational attainment, good housing and healthcare, problems with physical and mental health, increased exposure to area deprivation, and impacts on citizenship and claims to citizenship.^{46,47} The seemingly complex processes behind the disparities faced by ethnic minority communities are



Figure 8: Inequality is significantly associated with a country’s level of democracy.^{44,45}

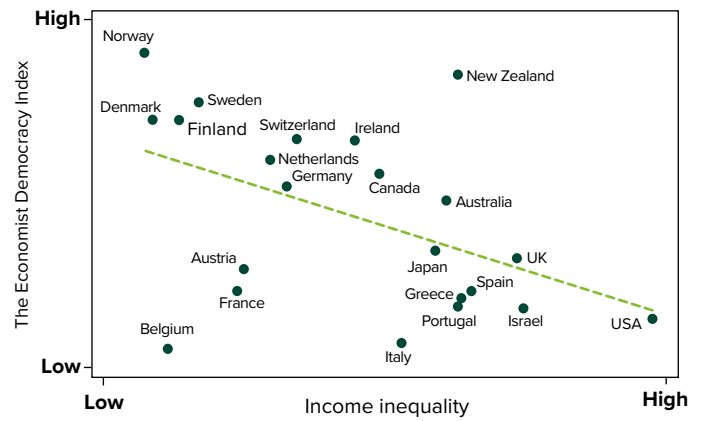
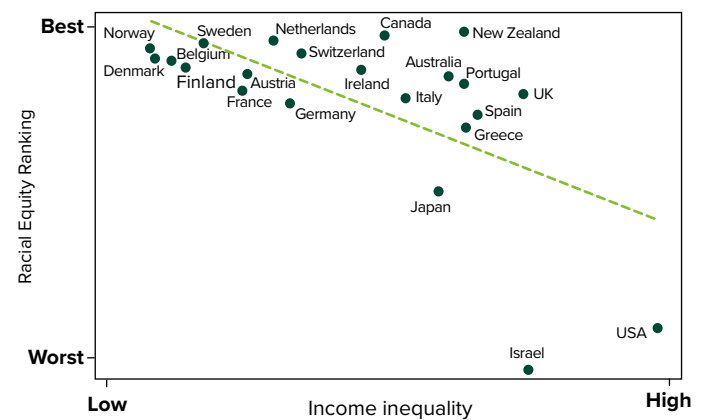


Figure 9: Racial inequality is significantly and strongly associated with income and inequality.^{49,50}



driven by three entrenched and interconnected forms of racism: structural, institutional, and interpersonal.⁴⁸

The oppression, exploitation, and incarceration of racialised people are inextricably connected to the violent histories of enslavement, colonialism and racial capitalism that are continually reproduced within current economic structures. Accordingly, any explanation of socioeconomic inequalities for racialised communities that does not recognise the central role of racism will be limited in its capacity to advance appropriate strategies to address these inequalities.

When people lack trust in those who are different from them, whether economically, racially or culturally, it fosters an environment where stereotypes and prejudices can flourish. These then manifest in discriminatory practices and policies that further reinforce racist attitudes and behaviours. The 2023 Best for Racial Equity rankings, derived from a global survey, highlight the perception that racial and ethnic diversity strengthens a country. The ranking is based on the proportion of respondents who agreed moderately or strongly with the statement: “A country is stronger when it is more racially and ethnically diverse.”

However, Figure 9 shows that as income inequality widens, racial equality often diminishes. Canada, New Zealand, and the Netherlands have the best racial equity ranking; the US and Israel perform the worst. Given that the notion of living in a post-racial society is more aspirational than factual, there is a need for continued vigilance and action against the effect of economic impacts on racial inequality.

GENDER INEQUALITY

Calls for women’s economic empowerment that prioritise individual participation in the economy over examining the structure of the economy itself ignore who actually gains from increased labour participation. Despite the double burden of work and essential care that is placed on women, their contributions are undervalued and underinvested in by governments. Indeed, it is women who suffer the most when governments choose not to fund basic public services – such as healthcare and education – because the wealthiest do not pay their fair share of taxes. Women are the de facto group that must fill in the gaps with unpaid care work.⁵¹ As well, racialised and migrant women in particular are often forced into paid poverty through dismally paid care work.

The invisibility of women’s labour, often low-paid, increases inequality. Even when women join the formal labour market, they face a slew of challenges: lower wages, the ‘motherhood penalty’, occupational feminisation and barred career advancement.⁵² Figure 10 demonstrates that countries with higher income inequality also tend to be countries that have high gender inequality. Finland is the most gender-equal country, while Japan and Greece rank at the bottom. Unless the structural causes of extreme economic inequality are addressed, the main beneficiaries of women’s economic empowerment will be those already at the top of the economy, predominantly the richest men.⁵³

A feminist caring economy is one that values care work as an essential social good and collective responsibility. Through the implementation of responsible and democratic institutions, fair labour practices, progressive taxation, and provisions such as national childcare, elderly care, and other universal public services, we can effectively combat gender and economic inequality to create a more equitable world.

HOMICIDES

Violence is often a response to experiences of shame and humiliation, feelings that are exacerbated by social and economic inequality. High income inequality often leads to ‘epidemics of shame’, linked to social comparison, fears of inadequacy, and feelings of inferiority as a result of greater income inequality. Although respect and dignity should be a right afforded to all, it is not everyone’s reality, and is notably lacking for poor and racialised men.⁵⁵ Violence is then resorted to as a result of competitive interactions meant to restore dignity and assert worth when people feel a sense of powerlessness and disrespect that stems from their socioeconomic status.⁵⁶ In confronting this social unevenness of shame, we must stop considering violent crime as the product of pathological personalities and instead consider it to be the consequences of a society structured along socioeconomic hierarchies, within which the wounds of shame are unevenly distributed.

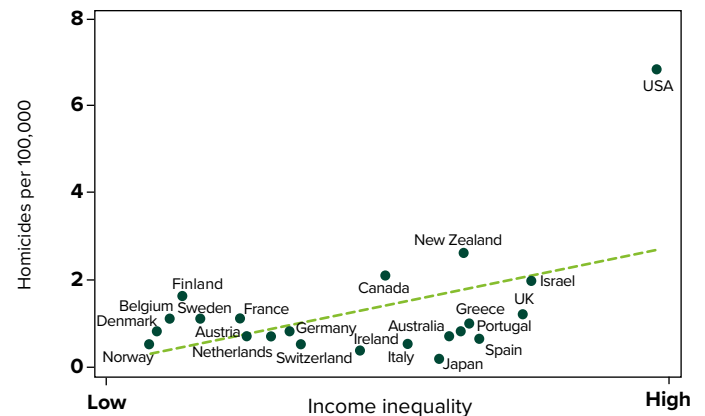
Reducing socioeconomic inequalities can significantly mitigate violence by addressing the root emotions and deprivation that fuel violent behaviours. Countries with persistent inequality gaps remain particularly vulnerable to high homicide rates, as inequality is the best environmental predictor of homicide rates.⁵⁷ Using data from the United Nations Offices on Drugs and Crime, Figure 11 shows the relationship between income inequality and homicides per 100,000 people. The US homicide rate is 34 times higher than the rate in Japan, and more than 11 times higher than in Norway.

Changing the social conditions that lead to higher income and

Figure 10: Gender inequality is significantly and strongly associated with income inequality.⁵⁴



Figure 11: Homicide is significantly associated with inequality.⁵⁸



wealth equality can prevent intentional homicides. Indeed, countries with more equal societies reveal to us that violence can be almost entirely preventable if we restructure our economic systems to make them much more equal to begin with. Improving the socioeconomic conditions that lead to violence fosters greater cooperation and respect, instead of competition, and reduces the stressors associated with low social status and economic deprivation. A public health approach that centres inequality, instead of increased funding into securitization and enforcement policies, is the key to violence prevention.



IMPRISONMENT

Incarceration rates have reached unprecedented levels.⁵⁹ However, mass imprisonment does not reduce violence: it displaces and concentrates it through the segregative function of the penal system, which often relocates people to remote facilities away from their communities and families. This means that the inequality created by incarceration goes unseen. Prison populations are usually disregarded when evaluating the socioeconomic wellbeing of the population, leading to an underestimation of inequality.⁶⁰ Moreover, policies that criminalise behavioural problems resulting from poverty are linked with high rates of incarceration. Homelessness, mental illness and drug or alcohol use are among such problems. Criminal convictions also set people up for a lifetime of diminished earnings, perpetuating poverty while fuelling economic, health, and racial inequality both within and across generations.⁶¹

Crime can serve as a means of redistribution between the ‘haves’ and the ‘have-nots’. People who are economically disadvantaged are more likely to commit crimes that are linked to financial gain – such as theft, burglary and robbery – when there is a high level of economic inequality and limited economic opportunities.⁶² In Figure 12, data from the World Prison Brief is used to set the rate of imprisonment per 100,000 in the population, against income inequality. The US rate is 531 per 100,000 – 10 times higher than Finland (51 per 100,000) or Norway (55 per 100,000). In Western Europe, the UK has the highest rates of imprisonment; these have risen 80% in the past 30 years and are predicted to keep growing.⁶³ In more unequal societies, the relationship between imprisonment and inequality is primarily defined by harsher sentences, rather than higher rates of crime. Prison is overused as a penalty for petty crimes in England and Wales with 61% of those incarcerated having committed non-violent offences.⁶⁴ A focus on transformative justice that looks at inequality and the need for repair when relationships are broken or violated, offers a way to respond to violence without creating or displacing further violence.

MENTAL HEALTH STIGMA

Stigma, prejudice, and discrimination against people with mental health problems is a persistent issue. Mental illness is viewed as a ‘discredited’ characteristic, meaning it is viewed as a marker of inferior status.⁶⁶ Inequality makes social status more important and increases status anxiety. This makes people become more likely to distance themselves from those who are looked down on and regarded as inferior. The resulting stigma deters people from seeking help and 50-75% of people with mental health problems do not receive the treatment they need.^{67,68} Not only is there a shortage of care, but people frequently avoid or delay seeking treatment out of fear of being treated differently or worries over losing their jobs and livelihood.

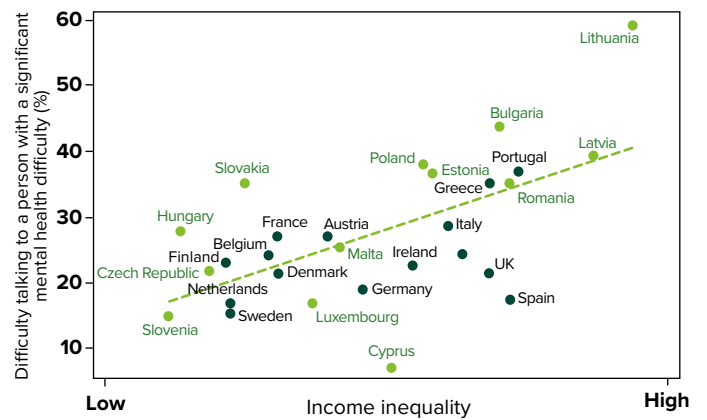
In Figure 13, willingness to speak to a person with a significant mental illness is used as a measure for public attitudes and as a proxy measure for social distance. Higher income inequality in European countries is associated with a higher likelihood of people saying they would find it difficult to speak to a person with a significant mental illness. On average, around a quarter of respondents across the EU27 reported they would have difficulty speaking to a person with a significant mental illness.

The relationship between income inequality and stigma is bidirectional; not only does income inequality influence stigmatising attitudes, but it also directly leads to further untreated mental health conditions through stress and social exclusion, which can exacerbate

Figure 12: Imprisonment is significantly and strongly associated with income inequality.⁶⁵



Figure 13: Mental health stigma is significantly and strongly associated with income inequality.⁶⁹



inequalities. This cycle of untreated mental health conditions and exacerbated socioeconomic inequalities underscores the need for a paradigm shift in mental health practices. Accordingly, approaches that prioritise non-institutional care and the development of community-based support systems – moving away from symptom-focused treatments – is needed.

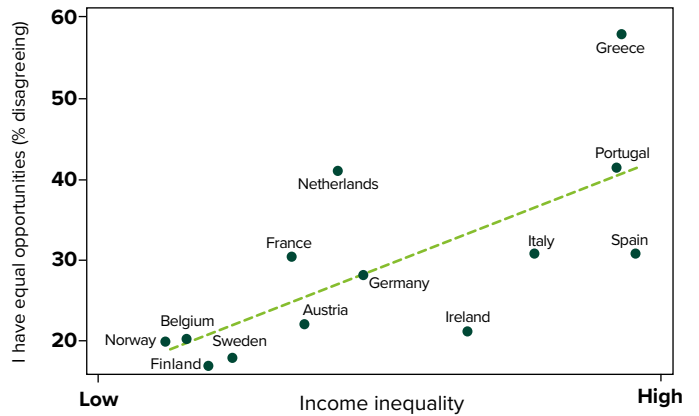
LACK OF EQUAL OPPORTUNITY

Inequality begins at birth, and a person’s starting place strongly influences their opportunities later in life. Equality of opportunity refers to the degree to which individuals have an equal opportunity to succeed in life, irrespective of their parents’ socioeconomic status, and their gender, age, race, ethnicity, birthplace or other uncontrollable variables, such as inherited wealth. Although personal effort and choices matter, they matter much less than the material circumstances a person is born into. As well, widening inequality is exemplified through the startling upsurge of the ‘great wealth transfer’. A new class of billionaires who have gained most of their wealth through inheritance is being created, limiting this notion of economic mobility for the next generation of children and young adults.

When there is high inequality, opportunity for economic advancement becomes skewed and more unequally distributed; this lowers intergenerational mobility. In the Eurobarometer survey module on fairness, inequality, and intergenerational mobility, people in the EU27 nations were asked whether they agreed or disagreed with the statement: “Nowadays in [your country] you have equal opportunities to get ahead in life, like everyone else.” Figure 14 reveals widespread concern within countries with high inequality about the perceived lack of opportunity in society. Nordic countries perform the best, while Greece and Portugal have the lowest perceptions of fairness and equal opportunity afforded to them.

There is a particular lack of mobility at both the top and bottom of the social ladder, with ‘sticky ceilings’ linked to opportunity hoarding at

Figure 14: Lack of equal opportunities is significantly and strongly associated with income inequality.^{73,74}



the top, and ‘sticky floors’ impeding upward mobility for many.⁷⁰

Across OECD countries, for example, children from low-income homes need almost five generations to catch up to the national average in income.⁷¹ Yet the overly promised ‘prospect of upward mobility’ reduces support for redistributive policies because of the enduring belief that anyone, regardless of their circumstances, can climb the economic ladder.⁷² True equality necessitates not just providing equal opportunities for advancement, but also addressing and dismantling the class hierarchies that perpetuate these disparities.



SECTION 3: INEQUALITY PREJUDICES THE LIFE CHANCES OF CHILDREN AND YOUNG PEOPLE

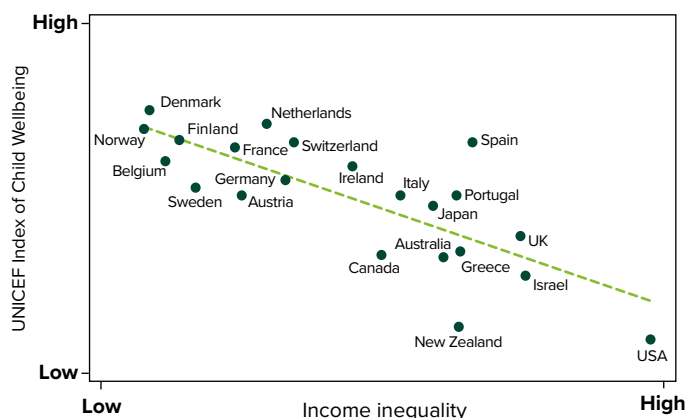
Over the past few decades, there has been an alarming increase in intergenerational inequality that has paralleled the widening gap between the wealthy and poor. For the vast majority of young people today, the policies that allowed an obscenely large share of the world's wealth to accumulate at the highest income levels have resulted in a challenging present and an anxiety-inducing future. The largest global youth population in history bears the burden of being failed by a broken social contract through social, economic and political inequalities that are not allowing them the living standard afforded to their parents. They are being robbed of the opportunity to reach their fullest potential.⁷⁵

Young people have already demonstrated that they possess the ideas, motivation, and dedication necessary to bring about the changes we collectively need. Recent waves of youth-led political movements around the world have delivered incisive criticism of the ways in which privilege and wealth have changed the rules of the game, placing young people at greater economic risk and denying them a voice in the decisions that impact their lives. Despite this, young people do not have access to political influence or forums when it comes to political inequality. Just 2.6% of parliamentarians worldwide are under 30, even though half of all people fall in this age range.⁷⁶

Reflecting this as a proportional measure over time would mean the opinions of those under 30 would cease to be represented after the first nine days of the year. Even in cases when young people can engage in policymaking, it is frequently the most privileged whose opinions are championed and heard, leaving them to reap the greatest benefits from youth-focused initiatives over those with lived experience of inequality and poverty. Indeed, youth who are already subjected to multiple forms of discrimination are pushed lower down the social ladder. It is imperative that governments, third-sector organisations, civil society and the commercial sector give greater space for youth-led change and develop a deeper comprehension of the ways in which income inequality impacts the lives of young people. To make sure that the opinions, rights, needs and futures of young people are recognised and safeguarded, we must change the unequal power and wealth structures in our society.

In *The Spirit Level*, we showed how children's life chances were impacted by inequality related to overall child wellbeing, educational attainment, teenage births and social mobility. In this section we update the analyses of teenage births and social mobility and add new graphs looking at lack of basic skills, educational inequality – namely, the gap in achievement between rich and poor students – and the parity of spending on young children. New analyses of the educational attainment of 15-year-olds are included in the [Technical Appendix](#).

Figure 15: A country's level of child wellbeing is significantly and strongly associated with income inequality.⁸¹



CHILD WELLBEING

Children's early experiences and environments significantly influence their long-term health. Early in life, children experience the physical, mental, emotional, and social disadvantages of growing up in an unequal society as they increasingly define themselves through social and peer comparison.⁷⁷ Early intervention is crucial for long-term wellbeing, and it is frequently less expensive to prevent disparities from arising in the first place than to attempt to bridge them later. However, improving early equity is not solely a matter of child-targeted interventions; it is dependent on following up with larger commitments to reducing income and wealth inequality, ensuring children across the social gradient have access to fair and systematic opportunities to develop their best selves. Widening inequality can harden the class structure because it presents differing experiences of wellbeing that shape children's future trajectories.⁷⁸ While the ideal of equal opportunity aims to level the playing field, equalities of opportunity are unachievable where there are large inequalities of outcome because parents inevitably pass on their advantages, or disadvantages, to their children.

In high-income countries, relative socioeconomic positioning is more influential on child wellbeing than absolute income, leading to significant inequalities in terms of health, education and social exclusion, as well as emotional and material environments. The 2020 UNICEF index of child wellbeing measures six different areas: mental wellbeing (life satisfaction and adolescent suicide), physical wellbeing (overweight and child mortality), and skills wellbeing (maths and reading proficiency and being able to easily make friends). Using this data, Figure 15 shows a clear relationship between lower child wellbeing scores and higher income inequality. Denmark performs the best; conversely, countries such as the US, UK and New Zealand,



which have seen significant increases in income inequality and relative child poverty, rank at the bottom. In the UK today, although every child has the right to a safe upbringing and the chance to reach their full potential, this is not the case for many of the 4 million children under the age of five.⁷⁹ The country has seen the largest increase in relative child poverty among advanced economies from 2014 to 2021, highlighting the impact of growing income and wealth disparities.⁸⁰

EDUCATIONAL UNDERACHIEVEMENT

Beyond a pathway to personal development or career success, education is one of the most significant predictors of lifetime opportunities and outcomes. The persistent educational achievement gap between the most and least advantaged students is a stark indicator of inequality. Before even starting school, disparities in cognitive and socio-emotional skills are evident, setting a trajectory that often leads to lower educational achievements. These inequalities crystallise during school years; in the UK, students who receive free school meals have lower scores by a 27 percentage-point difference in GCSE attainment.⁸² Levels of attainment are significantly predicted by family income – children from the top 10% of wealthiest families are more than twice as likely to receive at least one A or A* grade at GCSE level as children from the seventh decile.⁸³ This gap is not just a matter of academic scores; it reflects a broader issue of widening unequal access to resources, including health and housing, as well as equal opportunities, rather than any inherent differences in intelligence or genetic predisposition among wealthier individuals and their children.

UNICEF reported the lack of basic skills in reading and maths, based on the Programme for International Student Assessment (PISA) scores of 15-year-olds. The PISA comprises tests taken by 15-year-old students in schools, to give representative population samples in OECD countries. In Israel, Italy, Greece and the US, more than 40% – or two out of every five young people – lack basic skills in maths and reading. It is only 22%, or one in five, in Ireland and Finland – half the rate of the US.

Internationally, England presents a unique case where there is little generational improvement in key skills such as literacy and numeracy, despite rising qualifications.⁸⁴ The fight against educational underachievement is not just about improving academic outcomes; it's about dismantling the barriers that perpetuate inequality and hinder the full realisation of every student's potential.

EDUCATIONAL INEQUALITY

Worsening educational inequalities are a cause and consequence of growing social class disparities. In the UK, funding for education was historically more progressive; in 2000, primary-school pupils in the bottom fifth of schools received about 20% more funding than those in the top fifth, a figure that increased to 35% by 2010.⁸⁶ However, the past 14 years has seen a reversal of this trend due to austerity and cuts in school-funding policies, erasing any gains in funding equity. Concurrently, the resource gap between private and state schools has doubled. In 2009-10, state schools received £8,000 annually per pupil, while private school fees were higher by £3,100. By 2020-21, this gap widened to £6,500, as state funding stagnated, and private fees rose. This financial disparity is reflected in educational outcomes: 71% of private school students had degrees by age 26, compared to only 17% from the poorest quintile.⁸⁷

PISA provides data on socioeconomic inequalities in minimum

Figure 16: Educational underachievement is associated with income inequality.⁸⁵

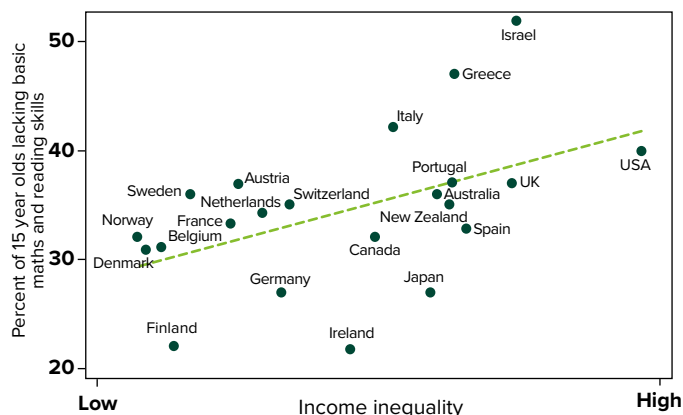
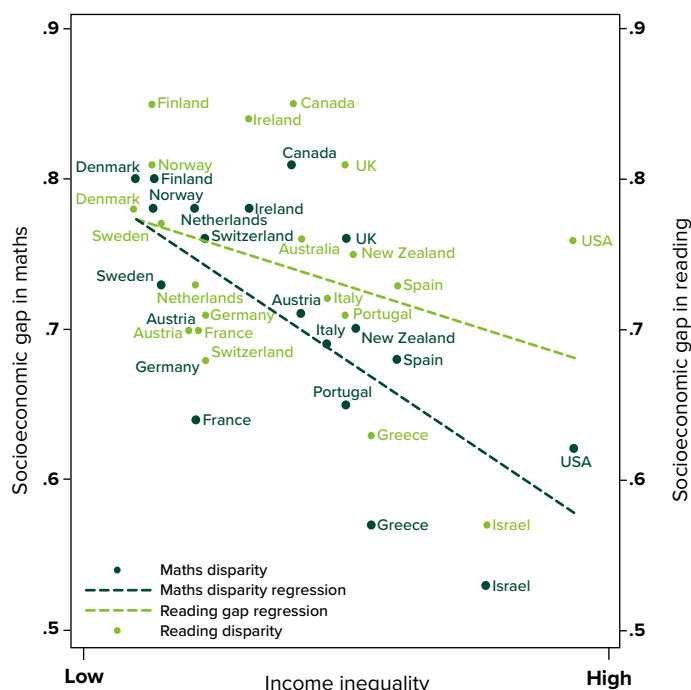


Figure 17: Educational inequality is associated with income inequality.⁸⁹



achievement. The parity index they provide compares the proportion who reached a basic level of proficiency in maths and separately in reading, between socially disadvantaged students and advantaged students. Figure 17 shows that educational inequalities are larger in more unequal countries, and that this inequality is particularly marked for inequalities in maths proficiency.

Rather than mitigating economic inequalities, the education system has intensified them, and these educational gaps translate into future income inequalities. The prevailing acceptance of private schools and the emphasis on education as a gateway to economic success pressures parents to invest heavily in their children's education. However, the stark differences in family income mean the education system will never be able to fully compensate for the varied experiences children face outside of school, perpetuating inequality.⁸⁸



TEENAGE BIRTH RATES

Teenage births are frequently, although not always, driven by a lack of meaningful choice and limited agency.⁹⁰ Complications in teenage pregnancy and childbirth are the leading cause of death worldwide for girls aged 15-19, who often choose motherhood as a perceived pathway to adulthood due to limited employment prospects and the absence of alternative opportunities for personal and economic advancement. However, the focus on teenage births as a social harm reinforces a narrative that blames the individual, rather than seeing this as a symptom of larger social systemic issues rooted in economic disparity.

When teenage births are spotlighted as a standalone issue, it narrows the scope to address broader inequality, and youth safeguarding concerns, inadvertently contributing to stigmatisation and insufficient support for young pregnant individuals. This stigma manifests itself through young mothers facing ostracism from their communities and peers through a loss in social capital, encountering discrimination in educational and healthcare settings and often receiving inadequate support from social services. Indeed, regardless of age, young women – who are generally more marginalised than young boys across all youth development indicators – are often perceived as losing their youth status after they marry or have children.⁹¹

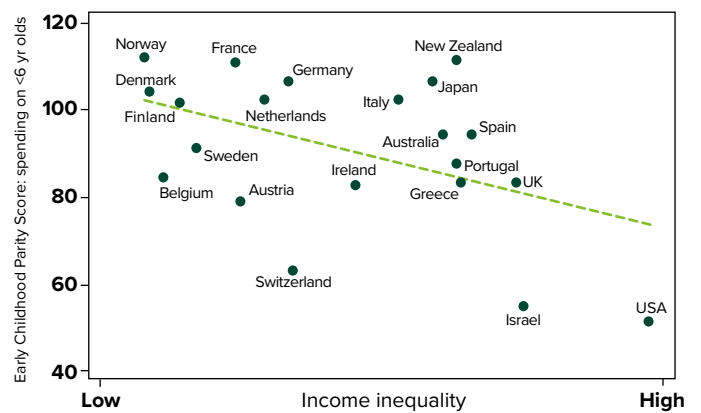
Using data from the World Bank, Figure 18 shows a strong gradient in teenage birth rates by household income, with highly unequal countries having higher rates of teenage births. There are 13 births per 1000 women aged 15-19 years in New Zealand, and 16 in the US – that's eight times the rate of two per 1000 in Switzerland, Norway and Denmark. In Western Europe, the UK has the highest teenage birth rates.

A more holistic approach to child and youth safeguarding would consider teenage pregnancy as one of the underlying social problems faced by young girls and not solved by existing early childhood and youth programmes. These problems include educational disparities, mental health issues and family instability exacerbated by income inequality. By integrating teenage pregnancy within these broader frameworks, policies can be more comprehensive and supportive rather than punitive or stigmatising.

Figure 18: Teenage birth rates are significantly and strongly associated with income inequality.⁹²



Figure 19: Reduced parity of spending on young people is significantly associated with income inequality.⁹⁶



PARITY OF SPENDING FOR YOUNG CHILDREN

As the inequality gap grows, evidence shows that government spending on early years often decreases, resulting in a reduction of opportunities and worsening circumstances throughout children's lifetimes.⁹³ These include poorer performance in higher education, and worsening physical and mental health, which necessitates increased government spend in later years. Children from wealthier families are able to benefit from significantly higher investments, including increased spending on high-quality childcare, educational resources and extracurricular activities, which are crucial for cognitive and social development. Children from less affluent backgrounds miss out.

The Early Childhood Parity Score (ECPS) provided by UNICEF is a measure of the spend on children in early childhood (aged under six) relative to the proportion of children in that age group and the overall spend on the child population (so if the proportion of the child population aged under six is one third, and these children receive one third of money spent on children under 18, the proportion would be 100%). Figure 19 shows the relationship between the ECPS and income inequality, highlighting how countries with lower income inequality have a higher investment of resources for young children. In the UK, the situation is exacerbated by specific policy decisions that disproportionately affect larger families.

The introduction of the two-child limit has significantly reduced the financial support available to families with more than two children, thereby curtailing their ability to invest adequately in their children's development.⁹⁴ The transition from legacy benefits to universal credit,



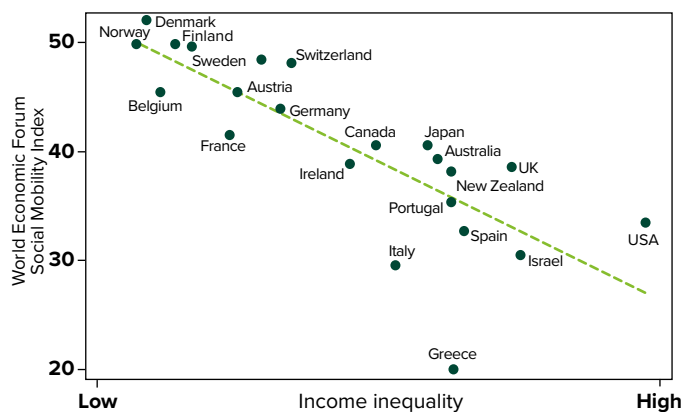
limitations on benefit system generosity, and a cash-terms freeze on the highest allowable income for eligibility, have all resulted in a reduction in eligibility for the current two-year-old offer. Only 25% of children qualified for the disadvantaged two-year-old offer by 2022, compared to almost 40% of children when it was first offered in 2015.⁹⁵ These policies do not just affect the current generation but have a ripple effect on future generations, perpetuating a cycle of poverty and limited social mobility.

SOCIAL MOBILITY

Youth nowadays do not have the same chances as those in the past unless they come from extremely wealthy families. Social mobility, or the possibility that a young person would be able to work their way into a better economic status over the course of a lifetime, is prevented by inequalities in both income and wealth, including returns on wealth and inheritance. The meritocratic role of hard work in achieving economic success is a myth. Instead, these rising inequalities stifle upward mobility, making the income distribution rigid, as the socioeconomic level of one's parents becomes closely related to one's own social and economic outcomes as an adult.⁹⁷ This 'transmission of disadvantage', compounded by poverty, pushes the poorest and marginalised to the bottom and keeps them there. Gender inequality further complicates the landscape of social mobility: young women are less likely to escape the poverty of their upbringing than their male counterparts.⁹⁸

A Global Social Mobility Index was developed by the World Economic Forum in 2020. Whereas previous measures of social mobility, including those used in The Spirit Level, compared only intergenerational incomes and differed in their time periods, the Index measures social mobility through five determinants: health, education, technology, work, and institutions. Figure 20 highlights that income

Figure 20: Social mobility is significantly and strongly associated with income inequality.¹⁰⁰



inequality decreases social mobility, indicating that in countries with higher levels of disparity, a larger fraction of economic advantage or disadvantage is passed from one generation to the next. In Greece, Italy and Spain, social mobility has become increasingly stagnant. Denmark, Norway, and Finland all allow for more movement up or down the economic ladder within their lifetime or across generations. In the UK, social mobility is at its worst in over 50 years.⁹⁹

Social mobility should not be about a competitive race to the top, but about dismantling class hierarchies altogether. Stagnant societies with limited opportunities for advancement erode social cohesion, leading to feelings of exclusion and discontent among disadvantaged groups. By rejecting the notion that social advancement is the ultimate goal, the focus can be shifted towards creating a more equitable society where class distinctions are minimised.



SECTION 4: INEQUALITY DETERMINES POPULATION HEALTH AND WELLBEING

Since the 1960s, 60% of economic growth has gone to the top 1%.¹⁰¹ After COVID-19 and the ensuing cost-of-living crisis, corporate monopolies in sectors such as energy, tech, food and pharmaceuticals set record profits, even as wages remained stagnant and workers struggled in the face of rising costs and outdated or deteriorating working conditions. At least 1.7 billion workers live in countries where inflation is surpassing salaries, while billionaire fortunes grow by US\$2.7 billion per day.¹⁰² In the UK, workers are enduring the longest pay squeeze in over 200 years.¹⁰³ The rich are profiting from our pain and suffering: they receive massive bonuses and dividends while keeping wages depressed and lobbying against taxes that would fund our education, health, cities, and social care systems, causing further social stratification.

A tragic and avoidable paradox has unfolded: at the pinnacle of human, material and technological achievement, we find ourselves isolated, riddled with anxiety, dissatisfied with our lives, despairing of the future, and driven to consume. Those with the greatest needs remain least likely to receive the healthcare they need.¹⁰⁴ Two distinct policy approaches exist to address our deteriorating circumstances: individual interventions, such as buying bottled water when the water supply becomes polluted, or systemic interventions, such as cleaning the water supply. We have been forced into the former. The void of systemic interventions has been filled by the rapid rise of the 'wellness economy', valued at over US\$5.6 trillion in 2022 and projected to keep growing.¹⁰⁵

Mindfulness apps, wellness real-estate and tourism, personal care and beauty, personalised medicine, and other wellness products designed to optimise health for those who can afford the time and money, all feature in this new sector. Its commercial success rests on the idea that individuals are solely responsible for their welfare, creating a culture where people feel pressured to constantly improve themselves and maintain the façade of wellness, despite continuing to struggle internally. The mental wellness market encompasses



Figure 21: Infant mortality is significantly and strongly associated with income inequality.¹⁰⁹



products such as meditation apps, brain-boosting nutraceuticals, and self-improvement programmes, which can provide temporary relief but do not alleviate the stress and anxiety caused by income and wealth inequality.

Biased public policies and flawed economic systems are serving a few wealthy people at the expense of the health of the entire public. Health inequalities emerge from the social conditions into which people are born, grow, live, work and age; and these social conditions emerge from inequalities in power, wealth, and resources – the social determinants of health. This section explains how rising income inequality has worsened infant mortality, life expectancy, excess deaths from COVID-19, life satisfaction, and the prevalence of drug use, diabetes, asthma, obesity and mental illness. Additional charts showing income inequality in relation to life expectancy in other settings are included in the [Technical Appendix](#).

INFANT MORTALITY

The infant mortality rate – defined as the death of children under one year per 1000 live births in the same year – is often thought of by public health professionals as the proverbial 'canary in the coalmine' for population health because of its rapid responsiveness to changes in the social determinants of health. Inequality adversely affects everyone, including the affluent, by undermining social cohesion. This erosion leads to increased social exclusion and diminished public services, such as education and healthcare, which in turn can elevate infant mortality risks through stressors and reduced healthcare access. In Figure 21, five-year average infant mortality estimates from the UN World Population Division are used to show that more equal countries have lower infant mortality rates. Finland has the lowest rates (1.71), followed by Japan (1.76). The UK has twice those rates (3.76) and the US more than three times (5.82). If the UK had the same rate as Finland, around 1,260 more infants would survive per year.

Socioeconomic and demographic inequalities continue to influence

mortality rates significantly. Despite overall advancements in healthcare reducing infant mortality over the past 40 years, progress in England has stalled since 2014. The rise in infant mortality in England from 2014 to 2017, disproportionately in poorer regions, is strongly linked with increased child poverty, following the imposition of austerity measures initiated in 2010.

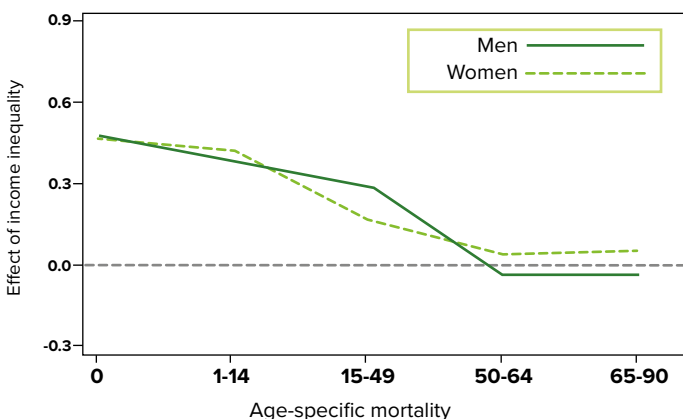
A study by the UCL Great Ormond Street Institute of Child Health, using ONS data from 2006 to 2016, found that infant mortality rates in the most deprived areas of England were nearly double those in the least deprived areas, with rates of 5.51 and 2.89 deaths per 1,000 live births, respectively.¹⁰⁶ In 2024, the numbers still have not returned to their 2014 low.¹⁰⁷ Moreover, in the UK infant mortality was higher among infants born to parents in routine and manual occupations, and was more than double for infants of Black African and Pakistani descent, compared to their White counterparts, in 2021.¹⁰⁸

LIFE EXPECTANCY

Over the past decade, progress in increasing life expectancy has stalled across many wealthy nations.¹¹⁰ This is a stark reversal from the steady gains seen over the past half century. The slowdown has disproportionately impacted the most deprived communities and regions. In England in 2011-19, over one million people in the most deprived 90% of areas died earlier than they otherwise would have done, compared to the least deprived 10%.¹¹¹ The gap in life expectancy between the most and least deprived areas has also widened; men in the least deprived areas can expect to live 9.3 years longer on average, compared to those in the most deprived. For women, the gap is 7.4 years.¹¹²

Life expectancy at birth measures how long – on average – people would live based on a given set of age-specific mortality rates. Life expectancy is the only one of the indicators that we looked at in The Spirit Level that is not statistically significantly related to income inequality in this update (see the [Technical Appendix](#) for further data and discussion). However, using longitudinal analysis of 21 developed countries over 30 years, Torre and Myrskylä show that higher income inequality is associated with higher mortality rates and lower life expectancy. This was true for male and female mortality at ages 1-14 years and 15-49 years, and for mortality of women at ages 65-89 but not for men aged over 65.

Figure 22: Mortality is significantly associated with income inequality for women at all ages and for younger men but not for men over 65.¹¹⁴



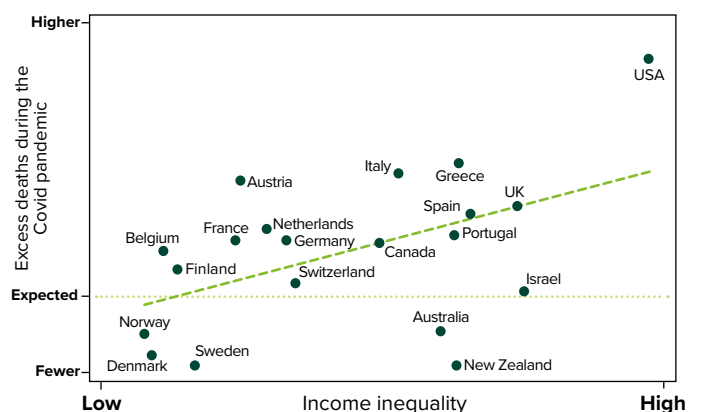
Unfortunately, however, austerity measures in the UK – characterised by cuts to social spending and healthcare services – have been higher in areas with lower life expectancies and greater health inequalities.¹¹³ These widening inequalities represent a major public failure, where the less affluent are dying increasingly younger than the rich. As stated by Sir Michael Marmot: “Britain is a poor, sick country, getting sicker, with a few rich and healthy people; the results of a dismal failure of central government policies since 2010.”

EXCESS COVID-19 PANDEMIC DEATHS

COVID-19 swept across an already deeply unequal world. Oxfam reported that 573 individuals became billionaires – at a rate of one every 30 hours – during the pandemic, with their wealth increasing more between 2020-22 than in the previous 23 years combined.¹¹⁵ This wealth surge occurred as essential goods’ prices soared and food, tech, energy, and pharmaceutical companies saw substantial profits. Notably, pharmaceutical giants such as Moderna and Pfizer made enormous profits from COVID-19 vaccines, which were developed with significant public investment, yet were sold at prices up to 24 times above the cost of generic production. Moreover, although COVID-19 affected nearly everyone, it did not do so equally. The pandemic drove millions into poverty and worsened living conditions for those already disadvantaged. The poorest communities faced a catastrophic increase in extreme poverty, marking the biggest increase in over two decades.

COVID-19 mortality was particularly dire in countries that had low public trust in institutions, less civic engagement and higher income inequality, underscoring how pre-existing socioeconomic inequalities were critical in determining how populations experienced the pandemic.¹¹⁶ In order to provide a fuller picture of the direct and indirect impacts of COVID-19, Ioannides and colleagues evaluated excess deaths between January 2020 and July 2023 in relation to country-level vulnerabilities of low GDP, high inequality and high poverty. Using those estimates, Figure 23 shows that more unequal countries had significantly higher excess deaths related to COVID-19. Australia and New Zealand, which had fewer than expected excess deaths over the course of the pandemic notably imposed strict lockdown measures and to some extent this may also explain lower excess deaths than expected in Norway and Denmark, but not in Sweden. The UK had an excess over expected numbers of 5%; in Italy, it was 6%; and in the US, it was 12%. If the US had performed similarly to Sweden, there would have been 1.6 million fewer deaths.

Figure 23: Excess COVID-19 deaths are significantly and strongly associated with income inequality.¹¹⁷



The extremely rich escaped the worst impacts or capitalised on despair, while the rest of the population continues to endure the economic hardships brought forth by the pandemic. Governments must decide whether to support the growing class of billionaires, or take action to protect and benefit the public.

LIFE SATISFACTION

Soaring numbers of people are suffering from emotional distress, exhaustion and isolation. Despite the comforts provided by modern advancements, there is a pervasive dissatisfaction stemming from economic worry and a lack of community engagement. This is because money does not always buy happiness: the social environment is twice as important as income for life satisfaction, and beyond a certain income level, increases in wealth no longer improve happiness.^{118,119} Satisfaction in life is instead mediated by how we compare ourselves to others, rather than by absolute income. The visibility of uber-wealthy lifestyles creates dissatisfaction among the less wealthy. This perception of income inequality significantly influences social relationships and overall happiness, impacting women and young people more significantly.¹²⁰

Using subjective data on life satisfaction reported in the World Happiness Reports, Figure 24 reveals that people feel more satisfied in life when there is less income inequality. Finland is the happiest country, while Portugal and Japan rank at the bottom as least satisfied. Despite societal ambivalence towards valuing wealth and preferring to shift our focus from material gains to enhancing community and familial bonds, the relentless pursuit of wealth persists.¹²¹

Happiness is a fundamental goal of life for many people. Yet we have been extremely slow to shift our attention away from material wealth and economic growth and towards everyone having a good and fulfilling life. With people growing increasingly unhappy as income inequality rises, egalitarian policies that support wellbeing over crude economic metrics need to be prioritised. Billionaire wealth taxes are a powerful policy lever to improve wellbeing for the many. Surveys also show that an increase in taxation is unlikely to cause the vast majority of Britain's extremely wealthy people to leave the country as they are deterred by the stigma of tax migration, career risks, administrative burdens, and familial upheaval.¹²²

Figure 24: Life satisfaction is significantly associated with income inequality.¹²³

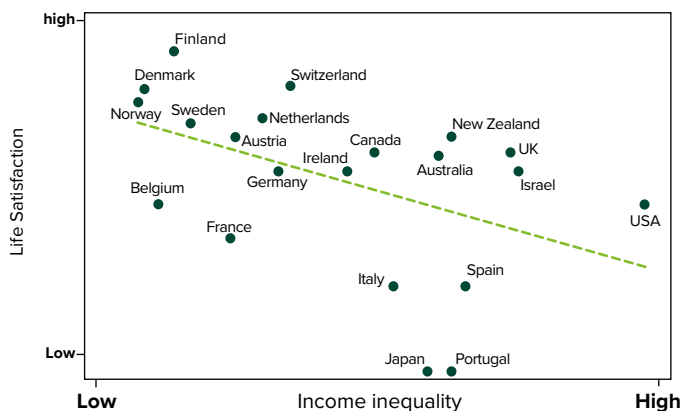
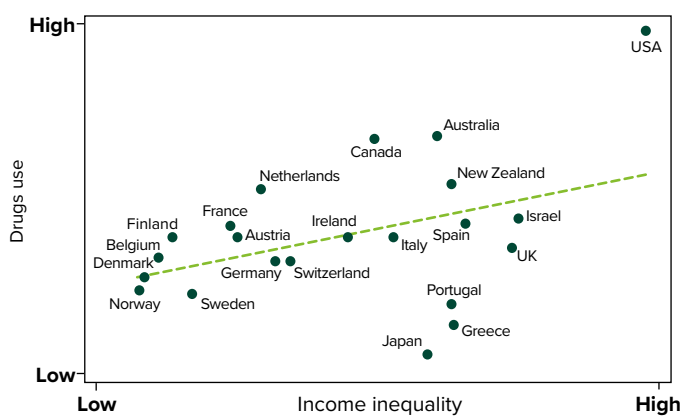


Figure 25: Drug use is associated with income inequality.^{129,130}



DRUG USAGE

For most people, being at the bottom of the social ladder is painful. A history of trauma, poor mental health, social exclusion, and poverty is common among frequent drug users. More recently in the UK, the cost-of-living crisis has been causing immense stress, which is fuelling an increase in drug-use rates. A startling 32% of respondents to YouGov polling reported that they or a loved one had relapsed into drug usage, with 61% of the same respondents citing the crisis in the cost of living as the most significant trigger.¹²⁴ Moreover, drug users are neither supported nor reduced in numbers when they are cycled through the criminal justice system. Drug-use criminalisation and policing also disproportionately affects racialised groups and the poor: in England and Wales, Black people are nine times more likely to be stopped and searched for drugs, and disproportionately sentenced, despite using drugs at a lower rate than White people.¹²⁵

The United Nations Office on Drugs and Crime publishes the World Drug Report, which contains prevalence data (percentage using) for non-medical usage of cannabis, cocaine, ecstasy and amphetamines, and opioids (including heroin and illicit and prescription opioids). After summing and standardising the percent of the population aged 15-64 using each category of drugs, Figure 25 shows the association between income inequality and drug use.¹²⁶ Nearly a quarter of people use drugs in Canada and Australia, and more than a third in the US, compared to less than 1% in Japan, 4% in Greece, and around 7% in Sweden and Norway.

Current drug policies lead to great personal suffering, police corruption, organised crime, disdain for the law, as well as increasing



drug danger because they are not properly regulated. Instead of a criminal law problem, which aggravates social ills without decreasing usage, the compulsion to use drugs is largely a social health problem.^{127,128} Relative poverty, deprivation and widening inequalities – such as income – need to be given a central role over ineffective enforcement-led, punitive measures for any drug-use policies.

PREVALENCE OF DIABETES

Diabetes is one of the leading causes of death and disability worldwide, being a major risk factor for heart disease and stroke. Approximately half a billion people globally have diabetes, translating to roughly one in every 10 adults. The probability of meeting previous global targets set to halt the rise of diabetes by 2025 is lower than 1% for women, and even lower for men.¹³¹

Total diabetes prevalence – especially among older adults – primarily reflects Type 2 diabetes, which in 2021 accounted for 96% of diabetes cases. Type 2 diabetes is largely preventable; however, disparities in social determinants of health have led to an uneven burden of diabetes prevalence and related deaths.¹³² After accounting for individual-level factors, income is the most important contributor to diabetes inequalities.¹³³ Income disparity creates differences, through poorer diet quality, substandard living environments that discourage physical activity, time constraints and less access to screening and treatments which increases the latent period in which diabetes remains undiagnosed.

Using 2021 data from the International Diabetes Foundation, Figure 26 shows the steep association between income inequality and the age-adjusted prevalence of Type I and Type II diabetes for adults aged 20-79 years. More than 10% of people in Spain have diabetes, compared to fewer than 4% in Norway, Belgium, and Ireland. Diabetes places a significant burden on healthcare systems, with worldwide health costs estimated to be US\$966 billion, rising above US\$1054 billion in 2045. The cost of largely preventable diseases and the outlook for healthier futures across a range of conditions is marred by a lack of sustained progress in designing policies addressing economic inequalities.

ASTHMA

As with diabetes, the global burden of asthma is rising. In the UK alone, asthma affects one in five households.¹³⁵ Communities with higher levels of deprivation tend to have higher rates of asthma, and income and place of residence can have an impact on health outcomes. People from lower socioeconomic backgrounds are more likely to be exposed to significant asthma triggers and causes, such as mould exposure in substandard housing, along with smoking and air pollution. Many live in properties where mould aggravates their child's asthma, fear losing their job if they take time off for asthma management treatment, or are obliged to change jobs because the environment makes their asthma worse. The ability to move to better housing is made harder by the financialisation of housing, keeping many families in environments that are particularly detrimental to respiratory health.

Although the factors associated with absolute poverty or deprivation have received research attention, it is still unclear how socioeconomic inequality within countries affects the causation pathways of asthma and allergies. Using data on childhood asthma and allergies for countries represented in the International Study for Asthma and Allergy in Childhood Phase 3 survey, Figure 27 shows higher prevalence of asthma in more unequal countries. The graph

Figure 26: The prevalence of diabetes is significantly and strongly associated with income inequality.¹³⁴

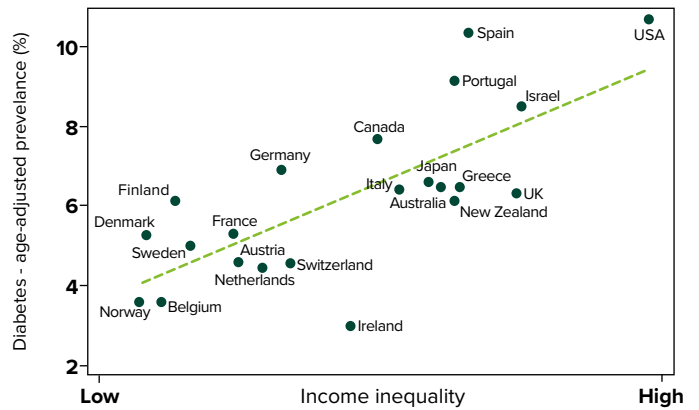
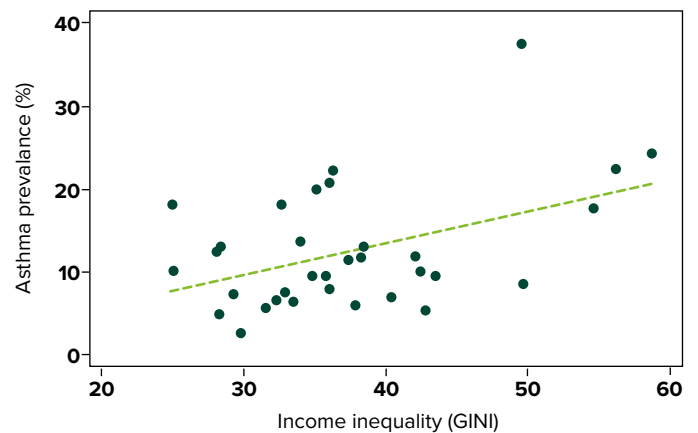


Figure 27: Asthma is associated with income inequality (data from independent study)¹³⁷



here is for 6–7-year-old children, but the same relationship could be seen for 13–14-year-olds. The differences in national prevalence rates of allergies and asthma may be partially explained by psychosocial impacts related to material factors, given the association found with income inequality but not absolute income. For example, stress related to economic instability can exacerbate asthma and allergy symptoms, where psychosocial stress of living in a socioeconomically deprived environment can lead to increased inflammation in the body, worsening these conditions.¹³⁶

ADULT AND CHILDHOOD OBESITY

Global obesity rates have tripled over the past 50 years.¹³⁸ Although weight alone is not a proxy for health, obesity can be a major risk factor for various chronic diseases, including diabetes and heart disease, as well as shortened life expectancy. Despite this, obesity remains heavily stigmatised in both medical and cultural contexts. Fatphobia persists in schools, offices, online and in public. The platitude ‘eat less, move more’ has become the sole recommendation for managing both weight and any possible diseases an obese person may have.

Rising obesity levels need to be understood as socially patterned within the obesogenic environment. Inequalities in leisure time that leave little room to sustain healthy choices; the accessibility of ultra-processed foods that crowd out and are cheaper than nutrient-dense options; labour-saving technologies in the workplace that limit daily movement; the premium placed on healthy foods in grocery stores; the lack of walkable cities, and the failure of governments to invest in comprehensive nutrition education programmes in schools all contribute to these rising levels.

Disordered eating and weight gain can also become a way to cope with chronic stress resulting from status insecurity, mental illness, economic anxiety and living in communities with high mistrust and violence.

However, these factors fail to fully account for the social class differences in weight gain and obesity. Figure 28 shows that levels of adult and childhood obesity tend to be lower in countries with lower income inequality. The most striking update from The Spirit Level is how obesity has increased everywhere.

15 years ago, three countries had obesity rates lower than 10%; now, that is true only of Japan. The US, UK and Greece were the only countries to previously have a prevalence higher than 20%. Now, that number has soared to over 18 countries. Obesity is also beginning at younger ages. In the UK, nearly a third of children aged 2-15 are classified as overweight or obese.¹³⁹ To confront the obesity epidemic, we need to reframe the obesity narrative – more efforts need to be made to remedy the problem at its true origins of income and wealth inequality.

MENTAL ILLNESS

Inequality is a public mental health crisis. Mental illness is a leading cause of disability worldwide: one-in-two people will experience a mental illness in their lifetime, and one-in-five working-age individuals face a mental health problem at any given moment.^{143,144} Moreover, there is a clear socioeconomic gradient in mental health, where those in lower socioeconomic positions are more susceptible to developing and experiencing a mental health issue.¹⁴⁵ The World Mental Health Survey data reported in The Spirit Level have not been updated, so here, we simply add three new surveys and updated survey data for Canada to the original graph. Figure 29 shows the association in rich countries between income inequality and the proportion of adults who had been mentally ill in the 12 months prior to being interviewed.¹⁴⁶ This is a strong relationship: a much higher percentage of the population suffers from mental illness in more unequal countries. More than one in four adults in the



Figure 28: Adult obesity and childhood overweight are associated with income inequality.^{140,141,142}

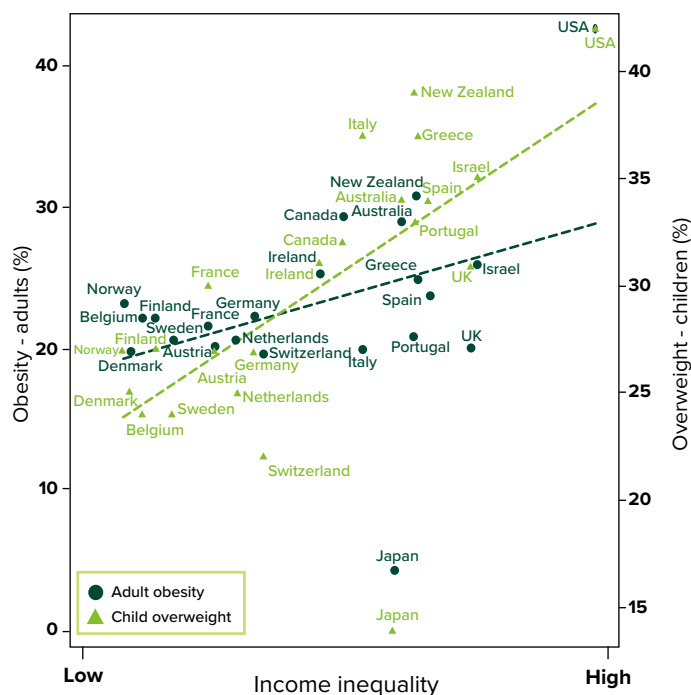
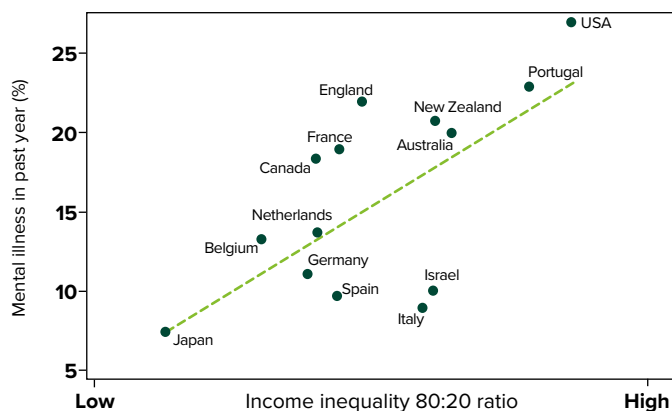


Figure 29: Mental illness is associated with income inequality.¹⁴⁹



US have suffered a mental illness in the past year, followed closely by one in five adults for Portugal and England. These compare with fewer than one in 10 in Japan, Italy and Spain.

Mental health paradigms and practices have faced growing criticisms for being too focused on symptoms and overly reliant on professional treatment. Individualising and pathologising mental health neglects the political and economic stressors that make us susceptible in the first place.¹⁴⁷ By spreading the idea that mental illness is only a result of chemical imbalance, we have removed the crisis from its context. This view reinforces the feeling that we are on our own, leaving therapists and pharmaceuticals as our only hopes for a ‘cure’, both of which incur financial and other costs. While true that mental illnesses have neurological elements, this does not address the socioeconomic contexts in which these neurological changes occur. Mental health urgently needs to be politicised as an issue of inequality. Services and better practices that can support recovery, community integration and adaptive functioning for persons diagnosed with mental illnesses must be funded.¹⁴⁸

SECTION 5: RECOMMENDATIONS

We need a major reduction in inequality to address our environmental, social, and health crises.

It is essential decision-makers act quickly to reverse decades of rising income and wealth inequality to make sure everyone can live a good life, by treating inequality reduction as a priority and not as an afterthought. Government bodies need a comprehensive action plan that is well-planned, strategically implemented and adequately budgeted. An equitable future requires placing the wellbeing of people and planet at the heart of our economic system, reframing policies from short-term to long-term planning, and recognising the

histories that shape our communities in order to move away from one-size-fits-all policymaking. As well, to change the structure of society, we must change who gets to design it. To better understand the challenges and intersections of inequality and ways to dismantle its structure, we need broader expertise. This can be found in empirical data, as well as from people's living and lived experiences. People directly impacted by inequality should be involved as architects of change, shaping policy development at every stage including decision-making, budgeting, and ensuring accountability. Their involvement is crucial for developing relevant and effective solutions.

RECOMMENDATIONS FOR A JUST TRANSITION

TACKLE PROGRESSIVE WEALTH TAXATION:

- **Introduce a permanent wealth tax:** Permanent and progressive wealth taxes must play a strong role in raising the tax base to fund the cost of public services, redistribute wealth, and stabilise economies through reducing inequality. In the UK, the effective tax rate of the richest 0.01% is less than half the rate paid by the bottom 10% of workers. Annual wealth taxes must start at around 2% on millionaires with assets over £10M, and 5% on billionaires. Although governments might balk at the suggestion, there is overwhelming support from the UK public to tax the rich, with 72% in favour.¹⁵⁰
- **Equalise tax on capital gains:** Capital gains tax rates should be adjusted to match the progressive rates applied to ordinary income. This would eliminate the preferential treatment that capital gains currently receive, which often results in lower effective tax rates for the wealthy compared to those earning income through labour. This would involve revising the current tax code, brackets, and rates applicable to capital gains.
- **Increase the inheritance tax base:** Inheritances are expected to grow in the future. A new class of billionaires is being created who have made more wealth from transfers than from business. Steeply progressive tax on wealth transfers – including inheritance, gift, land and property taxes – will play a strong role in reducing wealth concentration. Currently, only 0.7% of the tax base in the UK is from inheritance. If that number was increased to 1%, the UK government could potentially generate an additional £3.1 billion to fund public services.
- **Allocate additional funding to HMRC:** There is a significant gap between the taxes owed and the taxes collected, which undermines the government's ability to deliver essential services. Better resources would enable HMRC to improve compliance rates, reducing the tax gap and ensuring a fairer tax system. It is estimated that every pound invested in HMRC's resources would yield a return of £18.
- **Close global tax havens and loopholes:** Offshore wealth is heavily concentrated among the richest individuals, significantly boosting their wealth share and increasing overall inequality. The shortfall in tax revenue results in higher taxes for wage-earners and small businesses, furthering inequality. International agreements to close tax havens and loopholes must be made through the establishment of a UN tax convention. This would include tightening regulations on transfer pricing, profit shifting and the use of shell companies.

RAPIDLY SHIFTING AWAY FROM POLLUTING INDUSTRIES:

- **Tax investments on pollution:** Wealthy individuals and institutions continue to hold significant investments in fossil fuel companies and other emissions-intensive sectors, perpetuating the extraction and use of polluting resources. A wealth tax rate on polluting investments should be set to create a powerful financial disincentive for such investments, compelling investors to shift their capital towards sustainable alternatives. To ensure the tax encourages equitable contributions from all citizens, it should be narrowly targeted at wealthy individuals and institutions above a high net-worth threshold (for example, US\$5 million or more in investable assets).
- **Immediate cessation of new fossil fuel licences, subsidies and permits:** Wealthy, industrialised nations have historically contributed the most to global greenhouse gas emissions and continue to have a significant impact on climate change. These countries are responsible for and possess the financial and technological capacity to lead the transition to a low-carbon economy. Wealthy countries must halt the issuance of new licences, subsidies, and permits for coal, oil, and gas exploration, extraction, and processing. This includes stopping any planned expansions of existing fossil fuel infrastructure.

REDUCE EXCESSIVE AND CARBON-INTENSIVE CONSUMPTION AND PRODUCTION:

- **Promote a circular economy business model:** Governments must expand appliances and enforce stronger penalties against planned obsolescence using the 2021 Right to Repair law. Repairing products rather than replacing them reduces the demand for new products and encourages a culture of responsible consumption, in turn lowering the carbon emissions associated with manufacturing and transportation.
- **Implement luxury advertising taxes:** Although not yet tried, the merits of a consumption tax – calculated on the basis of personal income minus savings – to restrain consumption should be considered. Unlike value-added and sales taxes, such a tax could be made very progressive. Bans on advertising tobacco, alcohol, gambling and prescription drugs are common internationally, and taxes to restrict advertising for high-carbon luxury goods and services would help to reduce consumption.
- **Higher taxation on luxury carbon-intensive goods and services:** Establish higher tax rates for luxury goods and services based on their carbon intensity. This includes setting specific rates for items such as SUVs and yachts. Outright bans should be considered on the most egregiously carbon-intensive activities, such as space tourism and private jets, which have limited societal benefits and significant environmental costs.

PROMOTE WELLBEING AND INCLUSION:

- **Put wellbeing at the heart of our economy:** Shift the national measure of success away from the pursuit of unsustainable economic growth and crude GDP metrics to instead focus on providing a high quality of life for all, within ecological limits. The measure should be replaced with a broader suite of indicators that capture multidimensional wellbeing, including health, education, inequality, environmental quality, and subjective wellbeing.
- **Commence the Socio-economic Duty (SED):** The SED, as outlined in Section 1 of the Equality Act 2010, is a tool designed to reduce inequalities resulting from socioeconomic disadvantage. Despite its potential, this duty has not been enacted in England, although it has been successfully implemented in Scotland and Wales. All public bodies should be required to conduct Socioeconomic Impact Assessments as part of their decision-making processes. These assessments should evaluate how proposed policies, programmes, and projects will affect socioeconomic inequalities. To ensure compliance and effective implementation of the SED, a dedicated body such as the Equality Hub or the EHRC should oversee the process.
- **Inclusive participatory governance:** Adopt a co-production approach where communities are involved in agenda-setting, participatory budgeting, implementation and monitoring of climate policies. Ensure inclusion of youth, trade unions, feminist organisations, Indigenous peoples, racial justice organisations, people with disabilities, working class, and other marginalised groups in the development of these policies to ensure inequalities do not widen.

Stories in Practice: Germany's Ruhr Valley Transition

The transition of Germany's Ruhr Valley from a coal and steel-reliant economy to a diversified, lower-carbon economy is a prime example of a just transition. The process involved social partnerships between companies, trade unions and the government, ensuring an orderly phase-out for workers while balancing community and environmental interests.



Duisburg Ruhr Area. Rhein River, Germany

RECOMMENDATIONS FOR COHESIVE AND ENGAGED COMMUNITIES

DELIVER UNIVERSAL BASIC SERVICES:

- **Invest in and nationalise public services:** Governments must take control of and nationalise essential public services including public transport, water, energy, and connectivity. This would ensure that profits are reinvested into infrastructure improvements and service expansion, particularly in underserved areas.
- **Guarantee access to free basic public services:** Entitlement to public services must be guaranteed based on need, not ability to pay, so that people are able to participate fully in society. Universal access must be extended to a range of essential public services, including education, health, water, energy, connectivity, and housing.
- **Stop and reverse privatisation of the NHS:** Reinforce the NHS as a publicly funded and publicly provided service, free at the point of use for all residents. This includes reversing policies and laws that have facilitated the outsourcing of services to private providers, such as Health and Social Care Act 2012, as well as introducing new laws that protect the NHS from further privatisation and ensure it remains a publicly accountable service.

END THE CORPORATE CAPTURE OF OUR POLITICAL INSTITUTIONS:

- **Mandatory disclosure of lobbying:** Implement a comprehensive and mandatory lobbying disclosure system that requires all lobbyists to register and report their activities, including the entities they represent, the issues they are lobbying on, and the public officials they contact. Require policymakers to disclose all meetings and potential conflicts with representatives from sectors significantly impacted by public policy, such as the fossil fuel or real estate industry. This includes disclosing the purpose and outcomes of these meetings, and any personal investments in those industries.
- **Restore lower donation disclosure threshold:** Repeal the 2023 statutory instrument that raised the threshold for declaring donations to political parties from £7,500 to £11,180. Reinstating the previous requirement for political parties to disclose all donations above £7,500 to the Electoral Commission for public scrutiny.
- **Reduce campaign spending limits:** The same statutory instrument increased the national election spending cap by 80%, from £19.5m to about £35m. The overall spending limits for political parties during election campaigns should be lowered by at least 15% to address concerns about the escalating costs of campaigning and the potential for undue influence.

PROMOTE PUBLIC SPACE AND TRANSFORMATIVE JUSTICE:

- **Invest in and diversify Third Spaces:** Support a wide range of Third Spaces, including public libraries, community gardens, and placemaking workshops to preserve and uphold public areas, and encourage interclass mixing and public engagement. Enact policies that support the development and sustainability of Third Spaces, including tax incentives for organisations that provide community-oriented spaces, and funding for public Third Spaces.
- **Move towards a rehabilitative justice system:** Invest in training and capacity building for community members, social workers, and justice practitioners to effectively implement and manage restorative and transformative justice programmes. Develop and expand diversion programmes that provide alternatives to incarceration, such as drug treatment programmes, mental health programmes, and community service orders.



RECOMMENDATIONS FOR HEALTHY AND SAFE COMMUNITIES

PROTECT OUR CHILDREN AND YOUNG PEOPLE:

- **Abolish private and grammar schools:** Selective education creates a two-tier education system that embeds inequality through social stratification. These schools should slowly phase out selective admission and be integrated into the state system over a set period. Resources currently allocated to private and grammar schools could be redirected to support the state education system.
- **Increase levels of spending on early years:** Achieve the OECD early-years expenditure average while ensuring that funds are distributed fairly to areas that are more disadvantaged.
- **Restore per-pupil funding:** Restore secondary school funding, particularly for sixth form, at least in line with 2010 levels.
- **Reinstate the Educational Maintenance Allowance (EMA):** Reinstate the EMA in England, ensuring it is available to all eligible students aged 16-19. The EMA can significantly reduce educational inequality, benefiting students from disadvantaged backgrounds more effectively than changes to university student grants and loans, which tend to benefit middle-class students. Before its discontinuation, the EMA significantly increased the proportion of eligible 16-year-olds staying in education from 65% to 69%; and of 17-year-olds from 54% to 61%.
- **Implement a School Meals Act:** Introduce a School Meals Act that mandates the provision of balanced, nutritious school meals and better integrates nutrition education into the school curriculum, covering both primary and early secondary education. The programme could be modelled similarly to Japan's Shokuiku programme.

Stories in Practice: Japan's Shokuiku programme.

Mandated by law since 2005, Shokuiku integrates classroom lessons, hands-on activities, school meals, and community involvement through local producers, to teach children about balanced diets, food origins, and the importance of reducing food waste.

The Diet and Nutrition Teacher System ensures that most Japanese schools have a nutritionist to ensure that free school meals are rigorously checked, to make sure they adhere to the standards the government sets.



MAINTAIN A HEALTHY STANDARD OF LIVING:

- **Transform the social security system:** Revise existing welfare policies to end poverty-increasing caps, conditionalities and punitive sanctions, particularly for vulnerable populations and those with caregiving responsibilities. Universal Credit must have an Essentials Guarantee so the basic rate covers life essentials, including food, household bills, disability aids, and travel costs. To guarantee that no one falls between the cracks, the transformation must replace one-size-fits-all methods with the proper combination of targeted population-focused programmes and universal policies.
- **Create an integrated social protection system:** Coordinate and integrate various components including childcare, elderly care services, disability benefits, and affordable housing into a coherent, rights-based national social protection system.
- **Redesign our national care system:** Enact legislation that explicitly recognises and safeguards the rights of unpaid family carers, including provisions for respite care, workplace accommodations and financial support. Governments must transition towards a publicly funded and provided national care system and reduce reliance on private for-profit providers, implement sectoral collective bargaining and fair-wage agreements, as well as improve perceived value and working conditions for paid care workers across the care sector.

TACKLE THE FINANCIALISATION OF HOUSING:

- **Control entry of private equity and hedge funds:** Implement stricter regulations on the entry of private equity and hedge funds into the housing market to prevent speculative practices that drive up housing costs and reduce affordability.
- **Reform real estate investment trusts (REITs):** Adjust the tax treatment of REITs to ensure they contribute fairly to public revenues. This includes closing loopholes that allow REITs to pay almost no tax while distributing 90% of their profits to shareholders.
- **Reform the council tax system:** Replace the current regressive council tax system with a progressive property tax that reflects the true value of properties and relates to a household's ability to pay.
- **Public investment in affordable housing:** Increase public investment in the construction and maintenance of affordable housing to meet the growing demand and reduce housing costs.
- **Enforce housing standards:** Update and enforce housing standards to ensure that all homes are well-ventilated, and free from flammable cladding, mould, damp, and other sources of indoor air pollution, with non-compliance penalties for developers and landlords.

RECOMMENDATIONS FOR PEOPLE-CENTRED GOVERNANCE AND WORK

SUPPORT LOCAL ECONOMIC AND POLITICAL MODELS:

- **Invest in Community Wealth Building (CWB):** Establish a CWB Task Force to develop and enact policies that support CWB principles, including incentives to channel investment into plural ownership of the local economy, progressive public procurement that benefits local supply chains, fair employment, just labour markets, as well as socially just use of land and property.
- **Begin the process of fiscal devolution:** Adopt a gradual, phased approach to devolve spending power from central to sub-national governments to allow for learning, adaptation and building the necessary institutional capacity over time. Governments must maintain equalisation systems to address fiscal disparities and ensure no region is left behind due to varying economic capacities.
- **Co-production mechanisms:** Create mechanisms and closed feedback loops for communities to actively participate in identifying needs, designing services on how best to meet them, and overseeing their delivery through co-production processes.

Stories in practice: Scottish Government Commitment to CWB

To tackle long-standing economic challenges and structural inequalities, the Scottish Government has committed to introducing the world's first Community Wealth Building Act. The Act will serve to provide a statutory underpinning for CWB activities, ensuring they are deeply embedded and accelerated across Scotland. The development of CWB action plans are planned for five pilot areas: Clackmannanshire, Fife, Glasgow City Region, South of Scotland, and Western Isles.



SUPPORT ALTERNATIVE BUSINESS MODELS:

- **Support co-operatives, mutuals, and employee-ownership:** Draft and pass legislation that provides a supportive legal framework for co-operatives, mutuals, and employee-owned businesses. This support should include tax incentives, simplified incorporation processes, and legal protections for worker-owners. Policies should facilitate the transition of existing businesses to worker ownership, particularly as part of succession-planning for retiring business owners. This would also involve developing public procurement policies that prioritise contracts with co-operatives, mutuals, and employee-owned businesses, thereby supporting their growth and sustainability.
- **Stop the crackdown on unions:** Enact and enforce legislation that protects the right to unionise, strike, and engage in collective bargaining, in compliance with ILO conventions, particularly the Right to Organise and Collective Bargaining Convention, 1949 (No. 98).
- **Strengthen worker representation on boards:** Introduce legislation requiring worker representation on the boards of listed and private companies that have a certain number of employees.

Stories in practice: Mondragon Group

In contrast to the 200:1 ratio for the top-to-bottom pay rates among companies listed on the FTSE 100 stock-market index, the Mondragon group of Spanish cooperatives has an agreed maximum ratio of 9:1. The Mondragon group came 11th in Fortune magazine's 2020 'Change the World' list, which recognizes companies for implementing innovative business strategies with a positive global impact.

INVEST IN QUALITY LABOUR PRACTICES:

- **Raise the national living wage (NLW):** Pass legislation to raise the NLW to a level that matches per capita GDP. Establish a system of annual reviews conducted by an independent body, such as the Low Pay Commission, to adjust the NLW in line with inflation in order to reduce in-work poverty.
- **End shareholder primacy:** Focusing primarily on shareholder returns can lead to decisions that boost short-term profits at the expense of long-term sustainability. Amend laws to expand the fiduciary duties of executives to ensure that boards of directors include representatives of various stakeholder groups, such as employees, customers, and community leaders.
- **Restrict dividend payouts:** Enact legislation that prohibits companies from paying dividends to shareholders unless they meet their obligations to pay living wages to all employees and workers in their supply chain.
- **Reduce the high pay ratio between CEOs and workers:** Government should introduce legislation to cap CEO compensation at a fixed multiple of the median worker's salary within the same company. As well, corporate tax rates should be adjusted based on the CEO-to-worker pay ratio. Companies with lower pay ratios should benefit from reduced tax rates, while those with higher ratios should face increased tax rates. Shareholders should also have a greater say in executive compensation through binding "say on pay" votes. This allows shareholders to directly influence and potentially veto excessive CEO pay packages.
- **Establish equally paid parental leave:** Pass laws that mandate at least 18-weeks of paid parental leave for all genders, paid at 100% of prior salary, in line with ILO recommendations. Include provisions for non-transferable leave to ensure that both parents take time off and share caregiving responsibilities to balance the time, expenses and burden of unpaid care labour between all genders, as well as between families and the state.



FURTHER READINGS & RESOURCES

Research and Resources from The Equality Trust:

- TSL15 Slide Deck
- 2024 UK Election Manifesto
- The Scale of Inequality
- The Cost of Inequality Report
- Billionaire Britain Report
- Your Time, Your Pay Report



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