

THE HEALTH OF NATIONS:

Why Inequality Is Harmful to Your Health

Ichiro Kawachi and Bruce P. Kennedy, *The Health of Nations - Why Inequality Is Harmful to Your Health* (New York: The New Press, 2002), Ichiro Kawachi is the director of the Harvard Center for Society and Health, and an associate professor at the Harvard School of Public Health. Bruce P. Kennedy is an assistant professor at the Harvard School of Public Health.

INTRODUCITON

[Green color means I quoted already](#)

“You will know of those who are poor in the midst of riches, which is the worse poverties”

We live in vastly unequal world. Over a billion people around the world eke out a living on incomes of \$1.00 a day, or less.world people.....

Inequalities have been growing not just between countries of the world but within individual countries as well. Within the United States, the incomes of the bottom 60 percent of households have stagnated during the past twenty-five years, whereas the rich have continued to pull ahead. In the mid -1960s, the ratio between the income of the top chief executive officers of American corporations and the wage of the average production worker was 39 to 1. In 1997, the CEO-worker ratio was 254.1. (Kawachi and Kennedy, p. 5)

Do these inequalities matter in any important sense? Are there any undesirable consequences of widening disparities in income, wealth and living standards? (p.). 6

This book will argue that the growing inequalities threaten the various freedoms that economic development is supposed to bring about: freedom from want, freedom from ill health, freedom to exercise democratic choice, as well as freedom to pursue leisure and the activities that we have reason to value. the focus is on the United States of America (Kawachi and Kennedy, P 6-7).

CHAPTER ONE: ECONOMIC GOALS AND “THE PERMANENT PROBLEM OF THE HUMAN RACE”

LIVING IN THE MATERIAL WORLD

UNBALANCED CONSUMPTION: THE CASE OF WORLD HUNGER

Obesity in the U.S. and cost to deal with the problem (Kawachi and Kennedy, p 15-17).

Today, it is estimated that the richest 20 percent of the world account for 86% of total private consumption expenditures, while the poorest 20 percent account for a minuscule 1.3 percent (Kawachi and Kennedy, p. 18).

“THE PERMANENT PROBLEM OF HUMAN RACE”

It is universally accepted by now that human beings throughout the world, no matter what their differences in culture or material circumstances, wish for greater prosperity and higher living standards (Kawachi and Kennedy, p. 18).

What ought to be the goal of economic development (p. 19)?

JUDGING THE GREAT AMERICAN GROWTH MACHINE

경제: Beginning in 1973, the economy began registering sharp increases in both earnings and income inequality. Since then, the affluent sections of society have been pulling away sharply from the middle class and poor. Between 1977 and 1999, the average after-tax incomes of the top fifth of American families rose by 43 percent. By contrast, the average incomes of the middle fifth of families rose by a meager 8 percent over the same twenty-two-year period, or less than 0.5 percent per year. At the bottom, the incomes of poor families actually fell 9 percent. Forty percent of American families are either no better off or worse off today than they were back in 1977. But at the very top, the incomes of the wealthiest 1 percent of the population rose by a whopping 115 percent after adjusting for inflation (Kawachi and Kennedy, p. 22-23).

구라파: In the early part of this century, inequality in the distribution of wealth was much lower in the United States than in the United Kingdom, and comparable to levels in Sweden. America appeared to be the land of opportunity, whereas Europe was a place where an entrenched upper class controlled the bulk of wealth. By the end of the 1980s, however, America suffered from a far higher concentration of wealth than Europe. It is Europe that now appears like the land of equality (Kawachi and Kennedy, p. 24).

One current estimates, the wealthiest 1 percent of American society owns 48 percent of the nation's financial assets, and 39 percent of the nation's total assets, including real estate (p. 24) . Between 1983 and 1989, the share of wealth owned by the top 1 percent increased by 5 percent, while the share held by the bottom 80 percent fell by more than 20 percent. Notwithstanding estimated that 45 million American families, or 44 percent of American households, now own a share of the stock market, the top 1 percent of households is still estimated to hold nearly half of the stocks by value, while the bottom 90 percent owns just 14 percent (Kawachi and Kennedy, p. 25).

The four hundred richest Americans, annually anointed by *Forbes* magazine, were collectively worth \$1 trillion in 1999. The minimum net worth needed to qualify for the Forbes 400 list was \$625 million in 1999. Of the 400 individuals listed, more than half (268) were in fact billionaires
Americans seem to care rather little about income disparity (Kawachi and Kennedy, p.25).

구라파 When citizens of different countries have been polled about attitudes toward income inequality, Americans come out near the bottom in their dislike of wide disparities. According to a World Values survey conducted in the early nineties, only 38% Americans responded favorably to a question about the desirability of policies to reduce income inequalities, compared with 65 percent in Great Britain, and nearly 80 percent in Italy Kawachi and Kennedy, p.26).

Income Inequality in 22 industrialized countries (Kawachi and Kennedy, p.27).

경제정책 Virtually every economic policy initiative introduced during recent years seems to be designed to widen these inequalities still further. As a nation we seem to be hooked on policy proposals to balance the budget, trim the income tax, roll back capital gains and estate taxes, liberalize individual retirement accounts, pull the plug on welfare and the earned income tax credit, and other such proposals that are guaranteed to widen the income gulf (Kawachi and Kennedy, p.26).

The answer to national apathy toward income inequality lies in our cultural predilection to admire economic freedom and individual opportunity (Kawachi and Kennedy, p.28). *This is coincides with the response of those I surveyed who stated that our cultural attitude is the root cause of not ending homelessness.*

CHAPTER TWO: PROSPERITY AND HAPPINESS

DOES MONEY BUY HAPPINESS?

Research showed that in poor countries such as Bangladesh and India, personal income has been found to moderately predict levels of happiness, reflecting the fact that having access to food, shelter and clothing (의, 식, 주) is basic to well-being. But once people met their basic needs, affluence gives little boost to human happiness or morale (Kawachi and Kennedy, p32). People on Forbes' list of wealthiest Americans reported only slightly greater happiness than other Americans (Kawachi and Kennedy, p. 33)

The reason can be that rising income generates rising expectations, and people quickly become accustomed to the new standard of living. The income requirement for fulfilling one's dream is constantly revised upward with the changing standard of living. Material possessions beget the desire for even more possessions (Kawachi and Kennedy, p34).

Americans within every stratum of income were dissatisfied with what they earned. Sixty-four percent of Americans earning less than \$10,000 per year responded in a survey that they "could not afford to buy everything they need." In the same survey, 42 percent of Americans earning between \$50,000 and \$75,000 said the same, as well as 39 percent of Americans earning \$75,000 to \$100,000.

In 1987, when the Roper polling organization asked Americans how much income per year they would need to fulfill their dreams, the median answer was \$50,000. A few years later, in 1994, the median response had doubled, to \$102,000. Moreover, the more affluent the respondent, the more money they said they needed to fulfill their American Dream. Thus, among those making more than \$75,000, nearly two-thirds said they needed an increase to 50 to 100 percent in their annual income to be satisfied (Kawachi and Kennedy, p 35).

Therefore, prosperity does not buy happiness. The absence of money can breed misery, but having it is no guarantee of happiness.

WHY HAPPINESS IS NOT ENOUGH

CHAPTER THREE: PROSPERITY AND HEALTH

THE HEALTH OF NATIONS

Money will buy better health, but only up to a point. Beyond that point, further growth does not produce more health, and the relationship between income and life expectancy flattens out. In spite of being the richest citizens on the globe, Americans do not enjoy the highest longevity in the world. Across twenty-eight countries belonging to the Organization for Economic Cooperation and Development (OECD) in 1996, the range of life expectancies at birth ranged from a high of 83.6 years for Japanese women to a low of 65.9 years for Turkish men (Kawachi and Kennedy, p 45). If the level of affluence is the main determinant of health, we would expect Americans to rank near the top of this list. American men ranked twenty-second (72.7) and American women the 19th (79.4) out of twenty-eight OECD countries for life expectancy in 1996, while American women ranked nineteenth (Kawachi and Kennedy, p. 46). Japan shows the highest in both men's and women's life expectancy among 28 countries (Kawachi and Kennedy, p.47 and 48). 한국사람들은 건강에 좋다면 뱀, 까마귀 를 다 잡아먹어도 여자는 24 번째, 남자는 26 번째밖에 못되었습니다 (Kawachi and Kennedy, p.47).

The economic historian and epidemiologist Richard Wilkinson has argued that once societies pass beyond the threshold of absolute deprivation, further increases in the size of the economic pie are not what matter for health achievement; it is how the slices of the pie are divided across society (Kawachi and Kennedy, p. 46). Wilkinson's study found that there is a strong correlation between the distribution of income and life expectancy: The greater the inequality in the share of incomes, the lower the average life expectancy of that society (Kawachi and Kennedy, p.49).

The Rank of Men's Life Expectancy

(Kawachi and Kennedy, p. 47).

1. Japan
2. Sweden
3. Iceland
4. Switzerland
5. Canada
6. Norway
7. Australia
8. Greece
9. Italy
10. Netherlands
11. Spain
12. United Kingdom
13. Belgium
14. New Zealand
15. France
16. France
17. Germany
18. Ireland
19. Luxembourg
20. Finland
21. Denmark
22. USA
23. Portugal
24. Czech Republic
25. Mexico
26. Korea
27. Hungary
28. Turkey

The Rank of Women's Life

Expectancy (Kawachi and Kennedy, p.48)

1. Japan
2. France
3. Switzerland
4. Spain
5. Sweden
6. Canada
7. Italy
8. Australia
9. Norway
10. Belgium
11. Iceland
12. Finland
13. Greece
14. Netherlands
15. Austria
16. Luxembourg
17. Germany
18. New Zealand
19. USA
20. United Kingdom
21. Ireland
22. Portugal
23. Denmark
24. Korea
25. Czech Republic
26. Mexico
27. Hungary
28. Turkey

If people wish to lead longer and healthier lives, then their governments had better start paying attention to a fairer distribution of the national product. Bigger is not necessarily better, when it comes to economic strategies for delivering longevity (Kawachi and Kennedy, p.47-48).

Several other studies based on less developed countries have examined the relationship between the distribution of income and infant mortality rates. These studies found that countries with unequal income distribution have higher rates of infant mortality than countries with similar levels of national product per capita but more equal income distribution (Kawachi and Kennedy, p. 49). More detail on p. 50.

THE RELATIVE INCOME HYPOTHESIS

The possibility that a poor person's level of well-being depends not just on their own income but on the levels of income of others in society challenges conventional economic assumptions involved in making welfare comparisons. This implies then that the absolute standard of living may be a poor measure of social welfare: When incomes are unequally distributed, the true welfare of the poor may be lower than measured income suggests (Kawachi and Kennedy, p.51).

Researchers also found that morale was actually higher among officers in the military police, where promotion rates were very *slow*, compared with officers in the air force, where promotion was very rapid (Kawachi and Kennedy, p.53).

This means that a person's level of well-being depends not just on their own level of income, but on everybody else's ((Kawachi and Kennedy, p. 54).

POVERTY AS A RELATIVE CONCEPT

Since 1965, the U.S. government has defined poverty according to absolute criteria. The U.S. official poverty line was determined on the basis of the cost of a minimum diet needed to feed an average poor family, with an adjustment to allow for other needed expenses, such as housing and clothing. (Kawachi and Kennedy, p. 54).

However, representative opinion polls of the American public consistently suggest that people define poverty in relative terms. Thus, based on evidence from the Gallup Poll conducted over the last three decades, it is apparent that American public defines poverty as a level of income that is less than half of the median family income.

2004 HHS (Health and Human Service) Poverty Guidelines

Size of Family Unit	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$ 9,310	\$11,630	\$10,700
2	12,490	15,610	14,360
3	15,670	19,590	18,020
4	18,850	23,570	21,680
5	22,030	27,550	25,340
6	25,210	31,530	29,000
7	28,390	35,510	32,660
8	31,570	39,490	36,320
For each additional person, add	3,180	3,980	3,660

(SOURCE: *Federal Register*, Vol. 69, No. 30, February 13, 2004, pp. 7336-7338) .

What matters is the distance between the rich and the poor in society. Most Americans living in poverty still have access to indoor plumbing, electricity, heat, and television set, and perhaps an old car. In many less-developed countries, the American poor would be considered rich. Yet the poor in America feel poor simply because their reference group consists of other Americans living around them, and in relation to this group they are poor. As society becomes more prosperous, the definition what constitutes poverty has to be revised upward (Kawachi and Kennedy, p. 57).

If people's health is responsive to their relative position in society, then one would expect to observe differences in well-being *within* societies comparing individuals with more or less income relative to others. Differences have been found in the health status of individuals *within* societies to their relative position in the economic hierarchy (Kawachi and Kennedy, p. 57).

Within societies, the lower our standing relative to others, the unhealthier we tend to be (Kawachi and Kennedy, p. 58).

WHAT EXPLAINS SOCIOECONOMIC DIFFERENCES IN HEALTH?

There is no doubt that lack of access to health care could make a huge difference to the course of life-threatening diseases like asthma, diabetes, hypertension, and heart disease. The poor are also denied access to screening and preventive services that could make the difference in terms of the early detection and treatment of cancer and a host of other serious conditions. There is no gainsaying that the health status of Americans is worse off as a result of the egregious inequalities in access to medical services. Nonetheless, lack of access to health care cannot be solely responsible for the pattern of health inequality, because exactly the same kinds of health inequalities by socioeconomic status are observed in countries like the United Kingdom and Sweden, whose citizens have long enjoyed universal access to health care. Health care and medical technology can make the difference between life and death if you happened to be sick, but it is not the major explanation for why some people get sick in the first place while others stay healthy. In other words we need to look elsewhere to account for the socioeconomic gradient in health (Kawachi and Kennedy, p. 60).

So what is “it” that explains why being lower on the socio-economic ladder is toxic for health? Study found that the poorest individuals had three times the risk of dying compared with the riches. Nevertheless, the risk did not stop there, but extended well into the middle-class range of incomes (Kawachi and Kennedy, p. 62).

We have come full circle, to the relative income hypothesis as the most likely explanation for the socioeconomic differences in health. Lacking income is harmful to health because low income is an exquisite indicator of one’s relative position in society. “*Low income*” only has meaning in reference to what others make in society. An annual income of \$10,000 is “low” in a society like the United States where the average person earns \$30,000. If the average income suddenly doubled, the person earning \$10,000 would be not only a lot poorer but also a lot less healthy (Kawachi and Kennedy, p. 64).

In summary, international evidence showed linked income inequality to higher risks of premature death. population health is linked to income distribution: The more unequal the distribution of income, the lower the health achievement of that society.

CHAPTER FOUR: KEEPING UP WITH THE (DOW) JONESES

PROSPERITY AND THE RISE OF CONSUMER SOCIETY

Material goods that meet our material needs and “positional goods” that we value because others do not have them.

As the wealth of a society increases, and material needs are met, the demand for former luxuries becomes more extensively diffused throughout the population. As the frontier of basic wants closes, demand for the acquisition of positional goods spreads and intensifies (Kawachi and Kennedy, p. 70).

There is an inevitable connection between economic growth and the rise of positional competition and such competition is vastly exacerbated by patterns of economic growth that widen the gap between the rich and the rest of society. Therefore, the greater the degree of income inequality in society, the more entrenched consumer culture becomes; the more unequal is the pattern of income growth across groups in society, the more unbalanced consumption patterns tend to be, and in turn, the more intense the competition for the acquisition of positional good.... Intense positional competition feeds consumer culture (Kawachi and Kennedy, p. 71)

American society, which tolerates the greatest disparities in wealth and incomes among industrialized countries, also leads the world in terms of the ferocity of its consumer culture (everyone must own bigger cars, more spacious homes, wider TV screens. The goods and services whose consumption characterizes a consumer society are not those that are needed for subsistence, but are “valued for non-utilitarian reasons, such as status seeking, envy provocation, and novelty seeking.” Western Europe, more egalitarian societies, do not exhibit nearly the same level of consumerism (Kawachi and Kennedy, p. 72).

The countries that spend the most lavishly on advertising also tend to be the most unequal – the U.S.A., UK, and Australia. The more unequal the income distribution, the greater the penetration of consumer culture, at least as measured by advertising expenditure (Kawachi and Kennedy, p. 74).

CRITIQUES OF THE CONSUMER CULTURE

When consumption patterns damage society through social exclusion, distortion of priorities in social investment, or contribute to the degradation of the social and physical environment. What will be the cost of excessive consumption? Schor offers three positive bases for the critique of consumer society (Kawachi and Kennedy, p. 76)

Firstly, worker/consumer sovereignty is undermined.

Secondly,

Thirdly, consumerism undermines community. The decline of free time outside the workplace diminishes opportunity to maintain community, friendship and family ties. Declining community ties diminishes the health status of citizens. The costs of consumer culture are tightly linked with the societal price we pay for income inequality. The more unequal the distribution of income, the longer and harder families need to work to keep from slipping behind on the economic ladder. The greater the disparities in wealth and income, the greater the effort expended by producers of goods and services in catering to the spending habits of the rich – more space on first-class seats in commercial airlines, building bigger cars and more spacious houses, and so on. As the consumption patterns of the rich become more normative, the more ordinary families need to spend to keep up with the average standard of living. The harder families work to pay for lifestyles beyond their means, the less time we invest in maintaining family and community ties. The more caught up we become in competitive spending, the less regard we have for the external costs our habits impose on the social and physical environment. (Kawachi and Kennedy, p. 77).

CONSUMER CULTURE AND CONSUMER DEBT

A new disease: “shopping disorder,” a form of addiction includes compulsive shopping, competitive shopping, and revenge shopping (Ichiro Kawachi and Bruce P. Kennedy, *The Health of Nations - Why Inequality Is Harmful to Your Health* (New York: The New Press, 2002), 78

Credit cards debt s have been mounting (Kawachi and Kennedy, p. 79)

CONSUMER DEBT AND CHARITY CRUNCH

Decline of charity giving.

Since 1996 Welfare Reform Act, in Arizona, between March 1994 and July 1998, as participation in the food-stamp program fell by more than 50 percent, there was a parallel 50 percent jump in meals distributed the state’s charity network. The sense of starvation amidst plenty was never so poignant Kawachi and Kennedy, p. 83).

Charity executives puzzled by why Americans do not seem willing to share more of their prosperity with the poor. Notwithstanding the outpouring of generosity demonstrated towards families of the victims of the September 11 tragedy, Americans seem less attuned to the needs of the poor living just around the corner (Kawachi and Kennedy, p. 84)

CHAPTER FIVE: INEQUALITY –THE PRIVATE AND PBULIC PRICE WE PAY

IS INEQUALITY GOOD FOR PRODUCTIVITY?

American culture places a high value on competition. We tolerate inequalities because it spurs individuals to try their best. The greater the extent of inequality, the greater the incentive to strive harder. Life is like a big golf tournament, in which we are players vying for the top prizes (Kawachi and Kennedy, p. 85).

American citizens have a greater tendency than others to take a view that large income differences are needed for the country's prosperity and thus view inequality as the engine of growth (Kawachi and Kennedy, p. 86). .

In major-league baseball, the wider pay gaps may instill feelings of unfairness, promote dissatisfaction and resentment, and ultimately diminish individual performance (Kawachi and Kennedy, p. 90).. Wider pay dispersion creates disincentives against cooperation, especially a game that frequently relies on teamwork. In sum, inequalities in compensation may lead to less cooperation, less team-oriented behavior, lower common goal orientation, and active erosion of social cohesion.

In manufacturing firms, wider pay dispersion has been found to result in lower product quality. In American manufacturing firms, the average compensation of a CEO can be up to 150 times that of the average worker, much higher than the salaries of their counterparts in Japan or Germany. Whereas American CEOs routinely lay off thousands of workers during economic downturn and reward themselves in the process for "increasing efficiency," their Japanese counterparts have been known to take voluntary pay cuts to preserve jobs. One may wonder how these differences translate in terms of the quality of American and Japanese automobiles (Kawachi and Kennedy, p. 91-92). And therefore, inequality can be quite dysfunctional in terms of an organization's performance (Kawachi and Kennedy, p. 92).

WINNER-TAKE-ALL MARKETS

Cost of inequality for the economy as a whole:
Davis and More said: "in order to attract the top talent into the top positions, we need to pay them more – a lot more." Whereas we have grown quite accustomed to seeing winner-take-all markets in professional sports and Hollywood movie stars' paychecks, Frank and Cook contend that they have become much more widespread across the rest of American society, contributing to widening income disparities. Thus, we see features of winner-take-all markets in banking, law firms, consulting, journalism, medicine, publishing, corporate management, and even academic institutions (Kawachi and Kennedy, p. 93).

Cost: Winner-take-all markets, in their extreme form, can lead to the paradoxical *misallocation* of talent. Such market can be wasteful. We now have a more competitive society, a more consumerist society, and these forces influence families. Raising kids becomes like product development. Such market have resulted in an escalation of defensive spending. By the year 2005, nearly 30 percent of the nation's college graduates will be working as file clerks, assembly workers, or some other occupation that does not require higher education ((Kawachi and Kennedy, p. 92-97).

THE DYSFUNCTIONS OF INEQUALITY: A REBUTTAL TO DAVIS AND MOORE

The degree of inequality in America is neither functional nor socially desirable. (Kawachi and Kennedy, p. 100).

INEQUALITY AND DEATH REVISITED(health and well-being)

Two American studies (by University of Michigan team and Harvard School of Public Health team) tested the relationship between income inequality and variation in premature death rate across the fifty U.S. states found a highly significant correlation between the measure of inequality and premature death rates, which was present both men and women, and in white Americans as well African-Americans (Kawachi and Kennedy, p. 102). Even Robin Hood Index shows greater inequality in the distribution of income was associated with not just higher rates of overall mortality, but also rates of premature death from the heart attack, cancer, murder, and infant mortality (Kawachi and Kennedy, p. 103).

More egalitarian distribution of income resulted in an increase in average life expectancy, even though the average level of income remained same. It is possible that both the poor and rich will experience worse health outcomes as a result of living in a society with more unequal distribution of income. For instance, if there is more violent crime in an unequal society, the rich who live there might be more likely to become victims of homicide than their counterparts who live in more egalitarian, less violent societies (Kawachi and Kennedy, p. 107).

CHAPTER SIX: STEPING ON THE HEDONIC TREADMILL

We pay high cost of maintaining a high degree of inequality -as individuals and as a society. Individuals working longer hours, sending more family members to work just to keep up with living standard but we remain unsatisfied, while our health suffers. More time at work means less time for leisure and less time spent with families and friends, reduced parental investment in children; striving harder has also led to frustration ((Kawachi and Kennedy, p. 109). The road to the American dream is strewn with the unhappy lives of broken families, of lonely and overworked people ... more time at work has led to the withdrawal from community participation. The greater the disparities in income distribution, the greater the erosion of social capital. As for the near the bottom of the economic heap, consumer society had led to frustration expressed in outbreaks of violence, or attempt to attain the desirable standard of living through any means possible, including crime. Nationwide, we incarcerate 1.8 million offenders, up from the figure of 330,000 in 1972. Every twenty seconds, someone in America is arrested for a drug violation. Every week on average, a new jail or prison is built to lock up more people in the world's largest penal system. The state of California alone spends nearly \$4 billion a year to operate the nation's largest prison system (Kawachi and Kennedy, p. 110) 감옥 죄수

Some 4 million Americans live in gated communities ((Kawachi and Kennedy, p. 111)).

WORKING HARDER, FEELING WORSE (Kawachi and Kennedy, p. 112-115)

THE TIME SQUEEZE (Kawachi and Kennedy, p. 116)

Mandated Parental Leave Policies for Selected Industrialized Countries

<u>Country</u>	<u>Leave</u>	<u>Percentage of Pay</u>	<u>Recipient</u>
Sweden	12-52	90%	Mother or father
Germany	52	100%	Mother or father
Italy	22-48	80%	Mother
Canada	17-41	60%	Mother
U.S.A.	12	0	Mother or father

(Kawachi and Kennedy, p. 119-120)

SPENDING TIME WITH YOUR LOVED ONES CAN IMPROVE YOUR HEALTH

Kawachi and Kennedy, p. 120-121)

In a survey of nine industrialized countries across the globe – from North America and Western Europe to Asia and the Pacific Rim – researchers have detected a striking increase in the incidence of depression over time (Kawachi and Kennedy, p. 121).

FAILING TO ACHIEVE THE AMERICAN DREAM: THE COSTS OF SOCIAL EXCLUSION

Our national statistics on homicide still far outstrip other industrialized nations. The annual toll of homicides in Britain (population 58 million) have fluctuated between 700 to 800 in recent years, which puts in a league with Chicago, a city of less than 3 million. The American response to our homicide crisis has been to incarcerate everyone. But there are limits to the number of new prisons we can build with strapped tax dollars (Kawachi and Kennedy, p. 135-136).

CHAPTER SEVEN: SOCIAL COSTS OF CONSUMPTION

MATERIAL GOODS AND POSITIONAL GOODS

POSITIONAL COMPETITION

SUBURBAN SPRAWL

Americans have been fleeing the congestion of cities every since the 1920s. The process of suburbanization started after 1948 when Levitt and Sons undertook the construction of Levittown on Long Island, twenty-three miles from downtown Manhattan (Kawachi and Kennedy, p. 143).

The growing disparity –inequitable housing subsidies and exclusionary zoning laws are partly to blame. For instance, according to the National Low Income Housing coalition, an estimated 18 percent of housing subsidies in fiscal year 2000 will go to households with an average income of under \$9,000. By contrast, an estimated 63 percent of total housing subsidies will go to households with an average income of \$123,000 or more. At the same time, zoning regulations in many suburban municipalities are biased toward large homes (Kawachi and Kennedy, p. 146). driving time and cost (p. 147)

While the construction of upscale housing boomed in the 1980s, the stock of affordable housing – especially single room occupancy hotel rooms – virtually disappeared. The number of one-room rental units fell 41 percent between 1985 and 1989 alone, contributing to the rise in homelessness (Kawachi and Kennedy, p. 148).

The simultaneous rise in the number of suburban mansions and the number of homeless people is a poignant reminder of the decline in social solidarity in this country. As divisions and distances between Americans have widened, so have gaps in mutual aid, social trust, and “social capital”-the increasing residential segregation of the haves and have-littles (Kawachi and Kennedy, p. 148).

THE RISE OF GATED COMMUNITIES (Kawachi and Kennedy, p. 149).

THE ROSETO EFFECT

Case study of the community of Roseto in eastern Pennsylvania. The residents of Roseto suffered less than half the rate of heart attack compared with that of surrounding communities. The researchers could come up with only one thing seemed to differ conspicuously from people living in surrounding area: The men and women of Roseto expressed a striking degree of solidarity with their community. There was a strong tradition of helping one's friends as well as friends of one's friends. The social emphasis of the community was on interdependence, which could be traced all the way back to the time when the town had been settled by immigrants who originated from the same village in rural Italy (Kawachi and Kennedy, p. 155-156).

RECAPITULATION

Summary: The growth record of the United States in recent years has delivered neither happiness nor good health. We have paid an increasingly dear price for the widening inequalities between the rich and poor. The rise in consumer culture and positional competition – as well as the feelings of relative deprivation they engender – have not only created enormous social waste but they threaten the functioning of civil society (Kawachi and Kennedy, p. 158).

CHAPTER EIGHT: POLITICS AND HEALTH

THE POLITICS OF RICH AND POOR

The kind of society we live in, including the well-being of its citizens, is the product of the political process. Politics determine what sorts of policies are pursued by democratic government – for instance, the choice between policies that give priority to promoting economic growth versus those that emphasize a more egalitarian distribution of national income. Or the choice between more or less government involvement in the economy. Or choice over the size of the welfare state, and the level of social spending to assure basic human security in areas such as education, health, and social safety nets (Kawachi and Kennedy, p. 161).

American political opinions are shifted far to the right of most other industrialized countries. To give a pertinent example, the political scientist Sidney Verba (1987) surveyed the opinion of “stakeholders” of three countries – Sweden, the U.S.A., and Japan – on the issue of equality. The stakeholders included representatives of the “establishment” (business, labor, and farm leaders), “mediating groups” (intellectuals, the media, and politicians from the left and right), and so-called “challenging groups (consisting of feminist groups, minority activists, and students) (Kawachi and Kennedy, p.162).

Judged by the pretax distribution of income, Sweden was the most unequal society at the time of the study – more unequal than either the United States or Japan. However, due to the active redistributive policies of the Swedish Social Democratic government, the posttax pattern of income distribution in Sweden was considerably more egalitarian than either Japan or the United States (Kawachi and Kennedy, p.162).

The result of Verba’s survey indicated that on issue of economic equality, there were vast differences between the opinion of Americans on the one hand, and Swedish and Japanese nationals on the other. For example, reacting to the statement “The government should work to substantially reduce the income gap,” no Swedish or Japanese groups positioned themselves to the right of Republicans or business groups in the U.S.A. (Kawachi and Kennedy, p.162).

Even today, after a decade of widening earnings disparities, members of the American labor movement are significantly less favorable toward government action than their European counterparts. Fewer than half of American union members are in favor of the government providing a decent standard of living for the unemployed, as compared with 69 percent of West German, 72 percent of British, and 73 percent of Italian unionists (Kawachi and Kennedy, p.164). Even the poor in America are inclined to vote against expanding the government’s role in providing a decent standard of living for the poor (Kawachi and Kennedy, p.164).

Based on the findings of survey, Verba and colleagues commented that “Americans endorse equality of opportunity (though not outcomes), an ideal that fits well with individualistic, achievement-oriented principles of free-market capitalism.” It is a paradox that living in a country with the most clear-cut need of redistributive policies, we remain the least capable of getting them on the political agenda (Kawachi and Kennedy, p.165).

Part of the explanation of how we got to where we are has to do with deep and long-standing cultural values. Recent opinion-poll results indicate that almost three-quarters of Americans believe that they have a good chance of improving their standard of living, whereas only about two-fifths of Europeans display the same level of optimism (Kawachi and Kennedy, p.165). Americans also strongly oppose government restrictions on becoming rich. When the Roper Organization asked the question in 1992, “Do you think there should be a law limiting the amount of money any individual is allowed to earn in a year?” they found that only 9 percent of Americans endorsed such a law, down from 24 percent in 1939. The drop was even greater among those at the lowest income level, from 32 to 9 percent (Kawachi and Kennedy, p.165). Along the similar lines, a 1994 survey-based study of “The American Dream,” conducted for the Hudson Institute, found that when asked to choose between “having the opportunity to succeed versus having security from failing,” an overwhelming 76 percent opted for the former, while only a fifth preferred the security option (Kawachi and Kennedy, p.166).

Measured by the transition rate out of poverty between one year and the next, economic mobility was worse in the United States (13.8 percent) than in France (27.5 percent), Germany (25.6 percent), Ireland (25.2 percent), the Netherlands (44.4 percent), and Sweden (36.8 percent) in the mid 1980s. Measured against the same countries, U.S. low-wage workers are less likely to move into higher-wage jobs (Kawachi and Kennedy, p.166).

The perplexing discrepancy between popular attitudes and economic reality can only be reconciled by reference to the American cult of individualism, which adjures government “hand-out.” Our distaste for taxation runs deep in our history and national psyche. From the Boston Tea Party to the Whiskey Rebellion, American history is studded with tax rebellions and armed insurrections against hated taxes. To this date, taxes in the United States remain the lowest of all industrialized nations in the OECD (Kawachi and Kennedy, p.166).

Americans are hostile toward taxes because our struggle to maintain ground against the rising tide of income inequality *makes us feel less generous* toward the state. Combined with the pressure to spend more to keep up our social status, we have the perfect formula to ensure there is constant political agitation for tax cut (Kawachi and Kennedy, p.166).

GOVERNMENT TAX REVENUE AS A PERCENTAGE OF GDP, 1995

(Kawachi and Kennedy, p.167).

DENMARK	51.3
SWEDEN	49.7
FINLAND	46.5
BELGIUM	46.5
FRANCE	44.5
NETHERLAND	44.0
AUSTRIA	42.4
NORWAY	41.5
ITALY	41.3
GERMANY	39.2
NEW ZEALAND	38.2
CANADA	37.2
UNITED KINGDOM	35.3
SPAIN	34.0
SWITZERLAND	33.9
PORTUGAL	33.8
IRELAND	33.8
AUSTRALIA	30.0
JAPAN	28.5
UNITED STATES	27.9

The American predicament is in distinct contrast to Europe, where by dint of maintaining higher levels of taxes, citizens tend to view themselves as directly benefiting from government programs – whether in the form of free health care, inexpensive college education, subsidized child care, or better maintenance of public facilities such as mass transportation (Kawachi and Kennedy, p.168).

More equal societies will tend to have lower *private* transfer burdens –less private capital, less debt, less conspicuous consumption and pecuniary emulation. People are willing to pay higher taxes for social insurance or they face a lower burden of private debts. Moreover, in a middle-class society, public services come to be seen as collective assets –some thing from which the population at large benefits directly. What might be a bad social bargain at 30 percent of income, when benefits are thought to flow mainly to the unworthy, seems like a much better deal even at 40 percent of income, when benefits flow back to the population at large (for example, in the form of Canadian medical care, French trains and mass transit, and the German system of free universities (Kawachi and Kennedy, p.168).

POLITICAL IDEOLOGY AND HEALTH

The political ideology gives rise to the pattern of income distribution.

The political ideology and population health is also linked.

At the level of cross-national governments is associated with more public spending, higher welfare spending, greater equality in the distribution of income, and ultimately, higher quality of life. Some studies have found that the more ideologically leftist/socialist the regime, the stronger the role of the state in the

economy, and consequently the higher the health achievement of that society (Kawachi and Kennedy, p.169).

Lena and London (1993) examined and analyzed some eighty-four countries, most of them less developed (though some industrial countries like Finland and New Zealand were also included – but not the U.S.A.). Regimes characterized by a more socialist orientation tended to pursue policies that invested in basic needs, such as improved sanitation, immunization, maternal and child care, nutrition and housing. These regimes also tended to show significantly lower rates of infant mortality, death among children, as well as higher life expectancy, independent of their level of economic development and investment dependency (Kawachi and Kennedy, p.169).

Point is not to change our ideological system but to adopt some of the policies that care for the needy.

Can we Americans learn, without changing our ideology of capitalism and democratic ideal, from the approach of Europeans? They seem to be more democratic than we are in economic distribution and achieving equality. Where Christ's church and other religion stand on this?

The political culture of a society therefore determines what kinds of policies are pursued by government, and in turn, what kind of investments are made (or not made) that promote or inhibit health. But that is not the end of the story, for the American predicament cannot be blamed entirely on our history or culture. The fact is that there are systematic biases in the pattern of political participation, which ensure that the voices of the under-served are not transmitted to our elected representatives (Kawachi and Kennedy, p.170).

INEQUALITEIS IN POLITICAL PARTICIPATION (Kawachi and Kennedy, p.171).

SOCIAL CAPTIAL AND POLITICAL PARTICIPATION

The more hours people spend at work to keep themselves from slipping backward on the economic ladder, the less time they have to volunteer for community activities and to engage in affiliative behaviors of all kinds. Sociability declines as workers expend more hours on the job to bring in the additional income needed to maintain their social positions.

SOCIAL CAPITAL AND HEALTH

INCOME INEQUALITY AND SOCIAL CAPITAL

If the rich and poor share no common economic and social reality, the inevitable consequence is the erosion of trust, solidarity, and social cohesion, as well as little or no agreement on common social goals or vehicles for achieving these goals (Kawachi and Kennedy, p.188).

세금 Americans are reluctant to part with tax dollars. Growing inequalities in income surely exacerbate this cultural predisposition. Unfortunately, the more the interests of the rich begin to diverge from those of the typical family, the more this translates into pressure to lower taxes for the rich, and to reduce social spending on the poor (Kawachi and Kennedy, p.188). Between 1980 and 1995, the effective federal tax rate for a middle-class family of four hardly changed at all, from 23.7 percent (in 1980) to 24.4 percent (in 1995). By contrast, the average federal tax rates changed substantially for those with the highest incomes. Between 1977 and 1985, changes in the tax laws reduced the tax bill for the wealthiest 1 percent of families by an average of \$97,250 per family. Meanwhile, the same revision in the tax code increased the tax payments of the bottom 80 percent of families by an average of \$221. Although progressive tax changes in 1986 and 1993 partially reversed some of these inequalities, the net reduction in the tax bills of the richest 1 percent still fell by \$36,710 since 1977 (Kawachi and Kennedy, p.188).

In May 2001, President Bush signed into law a ten-year \$1,35 trillion tax cut. A majority of Americans expressed approval for some form of tax cut, even as they continued to support the expansion of government programs such as prescription-drug benefits, investment in public education, and shoring up Social Security. These tax cuts will trigger another seismic shift in the distribution of incomes in American society, in favor of the very wealthy. Independent analyses indicate that 40 percent of the benefits of the Bush tax cut will accrue to the richest one percent of tax payers. The bottom 80 percent will receive less than a third of the benefits, while the bottom 20 percent will get less than 1 percent (Kawachi and Kennedy, p.189).

CONCLUSION

No matter what their level of material comfort or standard of living, Americans want more. We want to shop more and spend more to acquire an ever-expanding list of necessities and “must-have” items. But what does all this extra consumption get us, in the end? Have Americans’ lives been improved – for example, are we happier or healthier – as a result of all our consumption and accumulation? Unfortunately, the American brand of turbo-capitalism seems to be rapidly catching on in the rest of the world (Kawachi and Kennedy, p.191).

For the first time in history, the whole planet is now either capitalist or highly dependent on capitalist economies. The collapse of the Soviet Union left no other worldwide rival for capitalism. Replacing the old competition between central planning and capitalism, what emerged from the end of the Cold War has been a struggle for survival among different kinds of capitalism – American, European, Japanese, and Chinese (Kawachi and Kennedy, p.192). Interestingly, it appears to be one particular strain of capitalism, based on the American model, that is set to take over the rest of the world. This strain (경향) of capitalism is much more virulent (악성, 치명적), as well as more ruthless (잔인한) and volatile (일시적) compared with the more controlled and regulated capitalism of the 1950s and 1960s. As Will Hutton and Anthony Giddens (2000) describe it (Kawachi and Kennedy, p.192):

Its overriding objective is to serve the interests of the property owners and shareholders, and it has a firm belief, effectively an ideological one, that all obstacles to its capacity to do that – regulation, controls, trade unions, taxation, public ownership, etc – are unjustified and should be removed. Its ideology is that shareholder value must be maximized, that labor market should be “flexible” and that capital should be free to invest or disinvest in industries and countries at will. It’s the capitalism of both Wall Street and financial markets and of street trading and street markets: the capitalism at which the Anglo-Saxon community, and the Americans in particular, have been very good (Kawachi and Kennedy, p.192).

As the world has become more “globalized” countries both rich and poor have been forced to adapt to the demands of this new turbocapitalism. .. Each day, an estimated \$1.2 trillion worth of transactions takes place in foreign exchange market along (Kawachi and Kennedy, p.194).

IMF control and IMF crisis (Kawachi and Kennedy, p.194).

what does this brand of capitalism augur for the future of the world? As champions of the market are fond of pointing out, the new brand of turbocapitalism has proved extraordinarily effective at keeping inflation down and creating shareholder value. This is good news if you happen to be one of the shareholders (Kawachi and Kennedy, p.195).

But the vast majority of the world's population toils under the influence of global capitalism without enjoying most of its benefits. Some 85 percent of humankind live outside the developed world, yet the so-called "emerging markets" represent only about 7 percent of global value in market capitalization (Kawachi and Kennedy, p.195).

Even in the United States, the richest nation in the world, the new economy has left millions of households behind, to struggle in poverty, or worse, locked behind bars. The growing inequality that accompanied the recent economic boom is perfectly captured by the following paradox: nearly one in five Americans are now classified as clinically obese, at the same time as 31 million people (including one in six children) face chronic hunger in any given year (Kawachi and Kennedy, p.195).

As the year 2000 drew to a close, the Office of the New York State Comptroller estimated that \$15 billion was handed out in bonuses to investment bankers on Wall Street, up from \$11.9 billion a year before. That translated into an \$88,000 bonus for each of the 170,400 workers on Wall Street, except most of the money went to the top. As many as 4,000 senior executives brought home \$1 million in bonuses, while the top one hundred deal makers each made more than \$10,000 million (Kawachi and Kennedy, p.195).

As everybody knows, the story was different in 2001. Due to the downturn in businesses, year-end bonuses on Wall Street were considerably lower compared to the year before. Nonetheless, executives still took home \$10 billion for Christmas (Kawachi and Kennedy, p.196).

Meantime, growing queues of children and their newly laid-off parents formed at city food pantries, while the murder rate started to climb again. The social health of the nation – which was already stagnant during the economic *good* times – looked set to take a dive. Yet as the congress debated alternative measures to rescue the economy, was any thought being given to reviving the social health of the nation? Sadly, the kinds of measures debated by our politicians (such as tax breaks for corporations and wealthy individuals) would likely exacerbate(악화시키다, 분격시키다) our social problems, based on the evidence we have discussed in this book (Kawachi and Kennedy, p.196).

Why do we continue to allow market interests to ride roughshod over social considerations? Why do we continue to neglect the state of the nation's social health? Quite simply, the answer may be because Americans are ignorant about the dismal (어두운, 참담한) state of our nation's health. Indicators of our social well-being are not fed back to the public in the same manner that myriad market indicators are used to signal the state of the nation's economy on a daily basis (Kawachi and Kennedy, p.1946).

And no news service thinks of following up a report on market performance with a commentary on trends in homicide rates, suicide rates, or infant mortality (Kawachi and Kennedy, p.197).

To redress this woeful imbalance, Marc Miringoff and colleagues at the Forham Institute for Innovation in Social Policy have been working for some years to develop a complex index of the nation's social health. This index, composed of sixteen separate indicators, measures our social performance in areas such as infant mortality, child abuse, teenage drug abuse, and violent crime (Kawachi and Kennedy, p.197).

[INDEX OF SOCIAL HEALTH developed by Marc Miringoff and colleagues at the Forham Institute for Innovation in Social Policy \(Kawachi and Kennedy, p.198\).](#)

<u>Age Group</u>	<u>Indicator</u>
Children	Infant mortality, child abuse, child poverty.
Youth	Youth suicide, teenage drug abuse, high school drop outs, teenage births.
Adults	Unemployment, wages, health care coverage.
Elderly	Poverty, aged 64+, life expectancy, aged 65+.
All Ages	Violent crime, alcohol-related traffic fatalities, affordable housing, inequality.

We claim that the American model should be a universal model for the rest of the world. But the costs of American economic successes include levels of social division – of crime, incarceration, racial and ethnic conflict and family and community breakdown – that no European or Asian culture will tolerate (Kawachi and Kennedy, p.197). There is a social limit to building fortress (요새) communities, to sacrificing longer hours on the job, and to mortgaging our collective future on escalating consumption. Sooner or later, we are bound to reach a limit on the number of new prisons we can build, or the proportion of the underclass we can incarcerate (Kawachi and Kennedy, p.199). In the long run, our present behavior is unsustainable, either for the nation or for the planet (Kawachi and Kennedy, p.199). As Nancy Folbre has argues, the “invisible hand” of the market threatens to undermine the “invisible heart” of caring, values of reciprocity, and obligation that bind our families and communities together (Kawachi and Kennedy, p.199).

We make up just 4 percent of the world's population, yet we expend about half of all the money spent on medical care. Even so, we rank near the bottom of what Stephen Bezruchka dubbed (부르다) the "Health Olympics." In 1970, the U.S.A. ranked about fifteenth in the world in indicators like life expectancy and infant mortality. Twenty years later, our position had slipped to about twenty-second, or just about near the bottom of the Health Olympics, behind almost all rich countries and a few poor ones. Not coincidentally, disparities in income and wealth vastly increased during this same period, even though the *average* national income continued to rise. Japan, by contrast, started out near the bottom (twenty-third) of the Health Olympics in 1960, but overtook the rest by 1977. While Japanese economy remains in a slump, their health status continues to rank number one in the Health Olympics (Kawachi and Kennedy, p.200).

If you happen to be an Asian-American woman born in Westchester County, New York, you can indeed expect to live the ripe old age of 90.3 years, according to Harvard Global Burden of Disease Project. On the other hand, if you happen to be born an African-American male in the District of Columbia, you can expect to live 57.9 years – or lower than the life expectancy of the male citizens of Ghana (58.3 years), Bangladesh (58.1 years), and Bolivia (58.8 years). If you happen to be have been a white American, your life expectancy improved, on average, throughout the 1980s and into the 1990s. On the other hand, if you happened to be an African-American, your life expectancy slid backward during the period when income inequality widened in U.S. society (Kawachi and Kennedy, p.201).

The data for black American provide some clue about what has been happening to the health of disadvantaged segments of U.S. society during the most recent period of widening economic inequalities. More to the point, *laissez-faire* (무간섭주의) and unbridled (구속이 없는) competition threaten the health of us all. No society can indefinitely put off paying for the consequences of relentless (무자비한) competition, escalating consumption, plus all the social divisions and social exclusion that the American model of capitalism implies (Kawachi and Kennedy, p.201).

If prosperity cannot deliver sustainable advances in freedoms for all members of society, then what reasons do we have to value the economic growth?

