

“Income inequality thesis” revisited

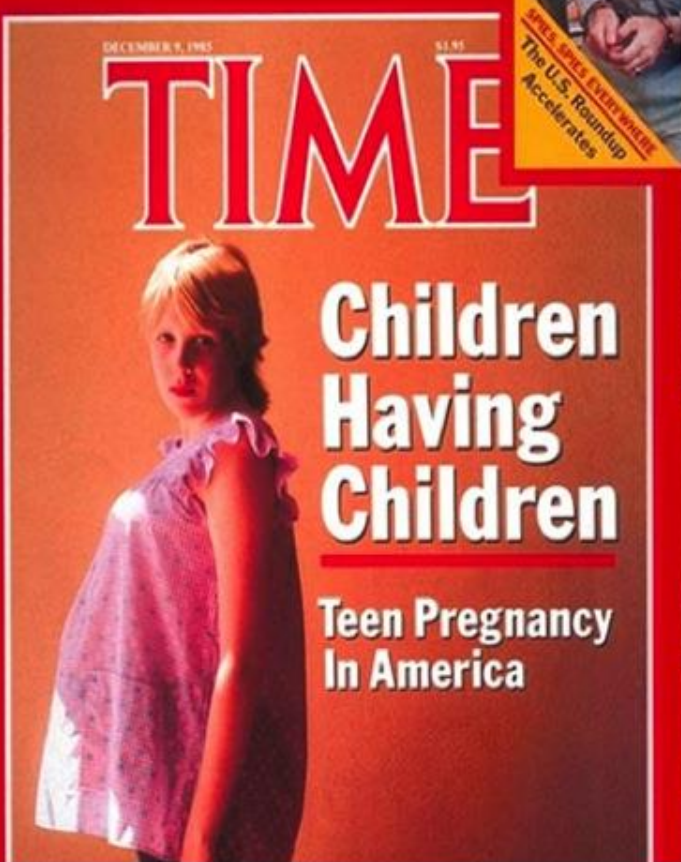
Ioana van Deurzen

Manchester, 16 May 2016



#OCCUPY WALL STREET





The Spirit Level

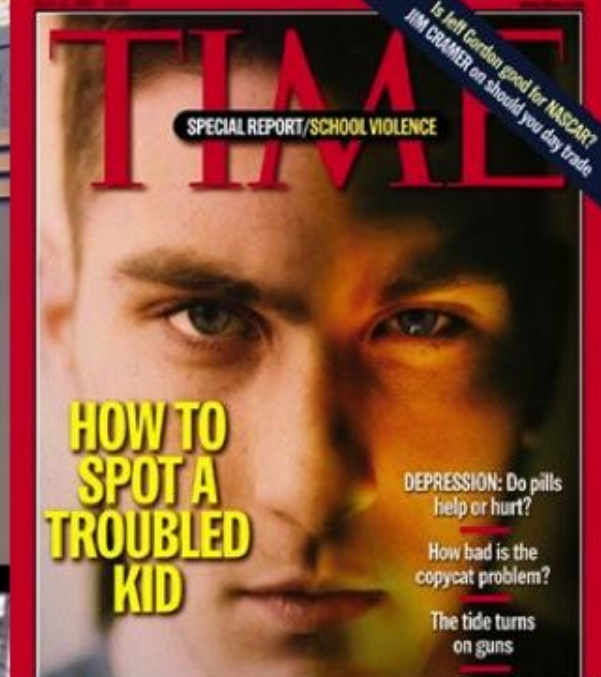
Why Equality is Better for Everyone

Richard Wilkinson and Kate Pickett

'A big idea, big enough to change political thinking' Sunday Times

'A sweeping theory of everything' Guardian

WITH A NEW CHAPTER RESPONDING TO THEIR CRITICS



The “income inequality thesis”

- Inequality: root cause of all kind of social evils, especially health



The income inequality thesis

534 INTERNATIONAL JOURNAL OF EPIDEMIOLOGY

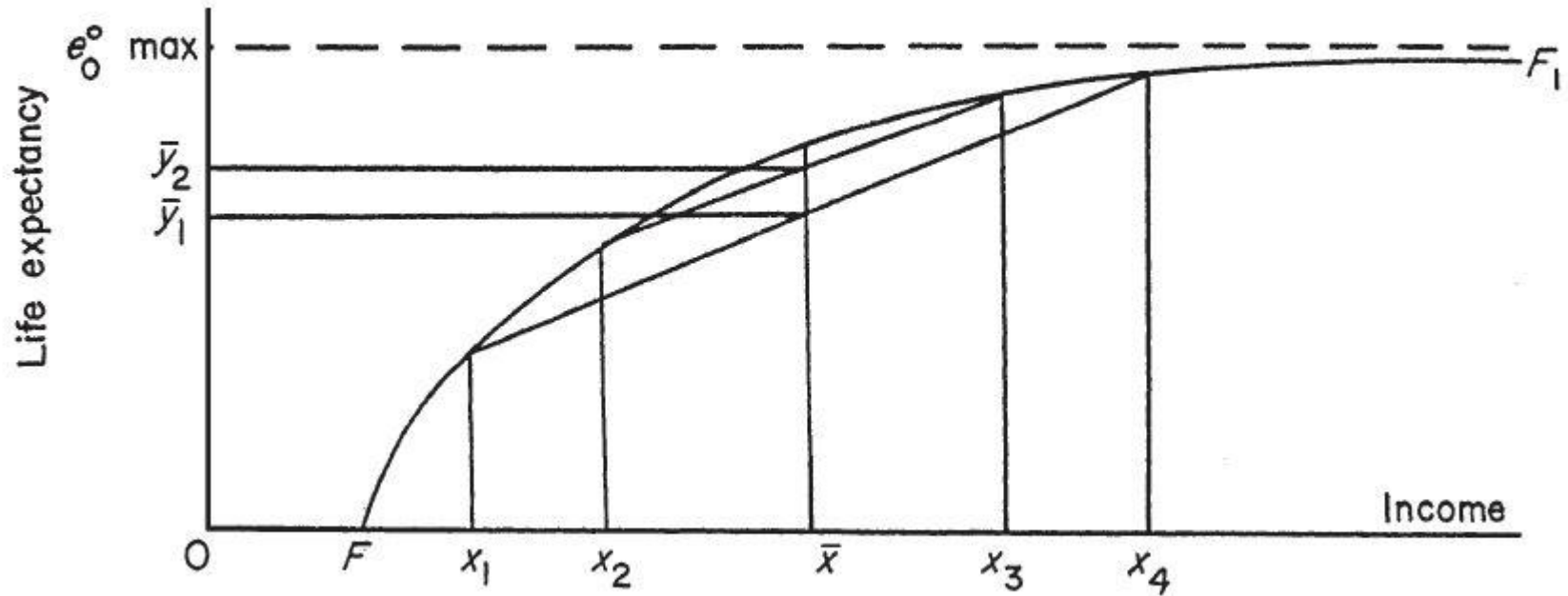
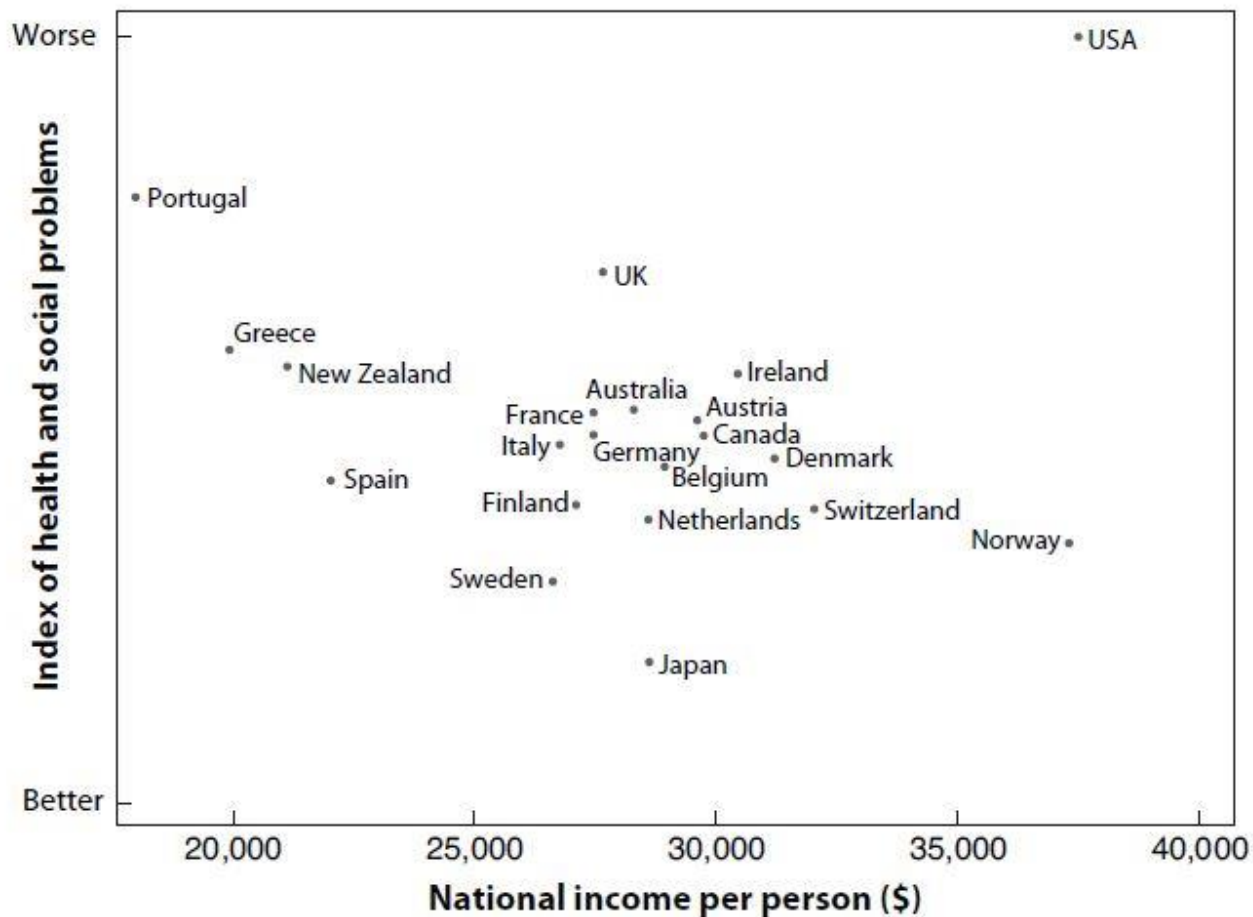


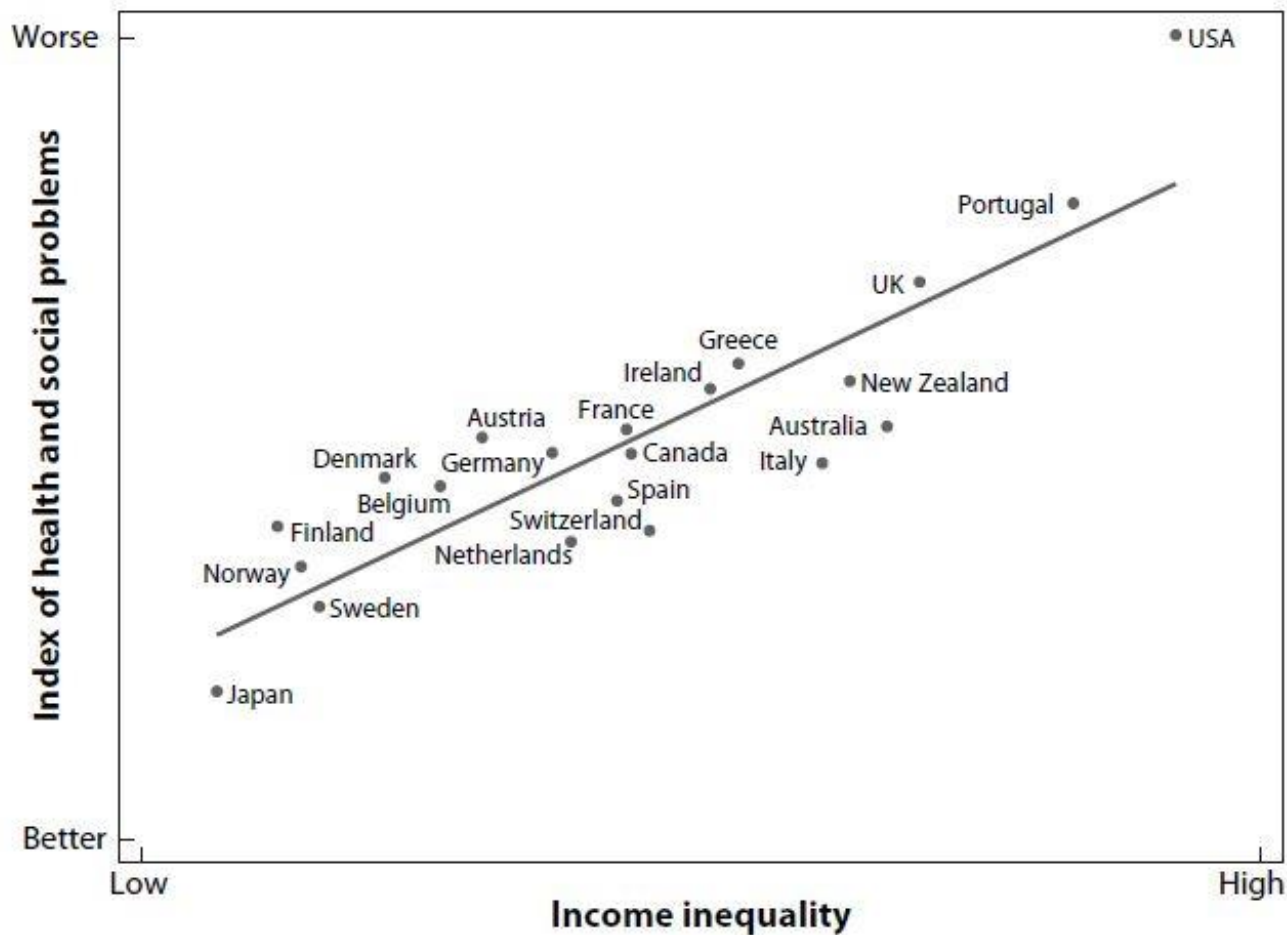
Diagram 1 Life expectancy as a function of income

Rodgers (1979)

The income inequality thesis

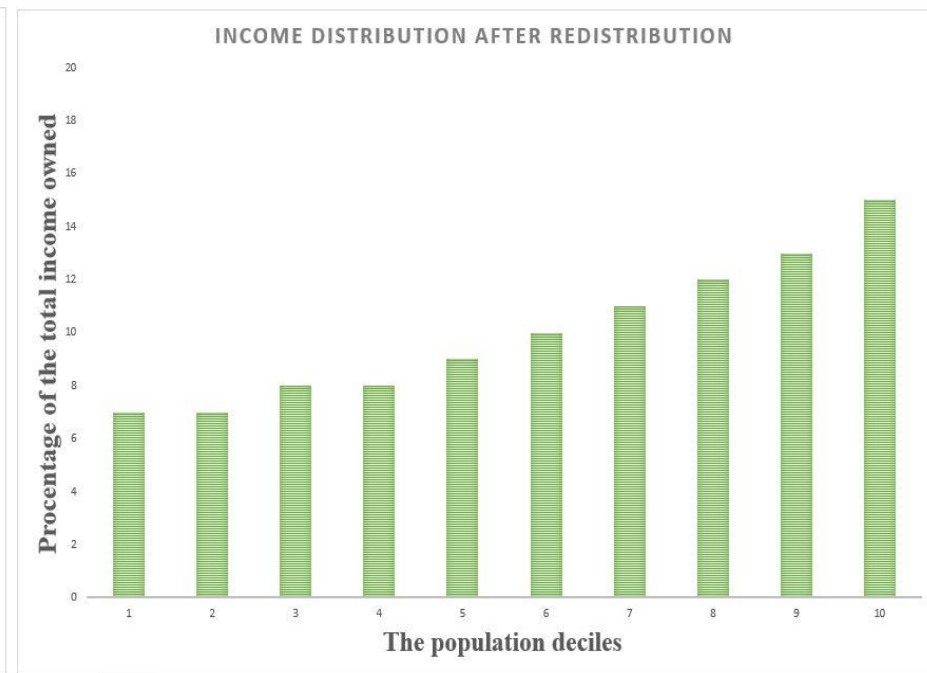
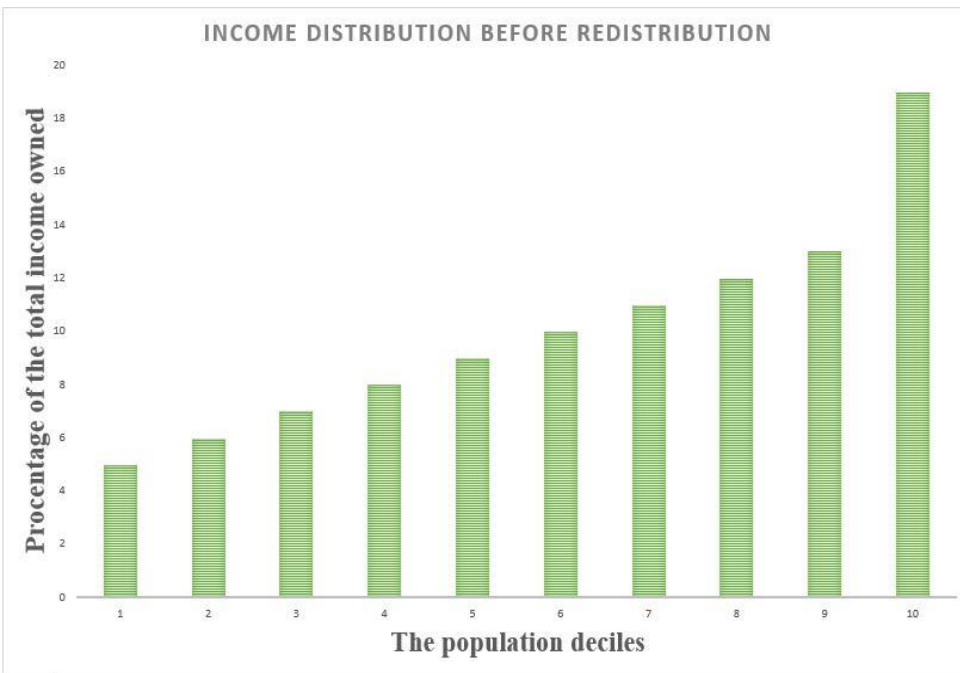


The income inequality thesis



The income inequality thesis

- Genuine contextual effect or compositional effect?



Income inequality and mental well-being

- Income inequality and depression: The role of social comparisons and coping resources

Van Deurzen, van Ingen, van Oorschot (2015)

- The effect of inequality on well-being: exploring corruption as an alternative mechanism

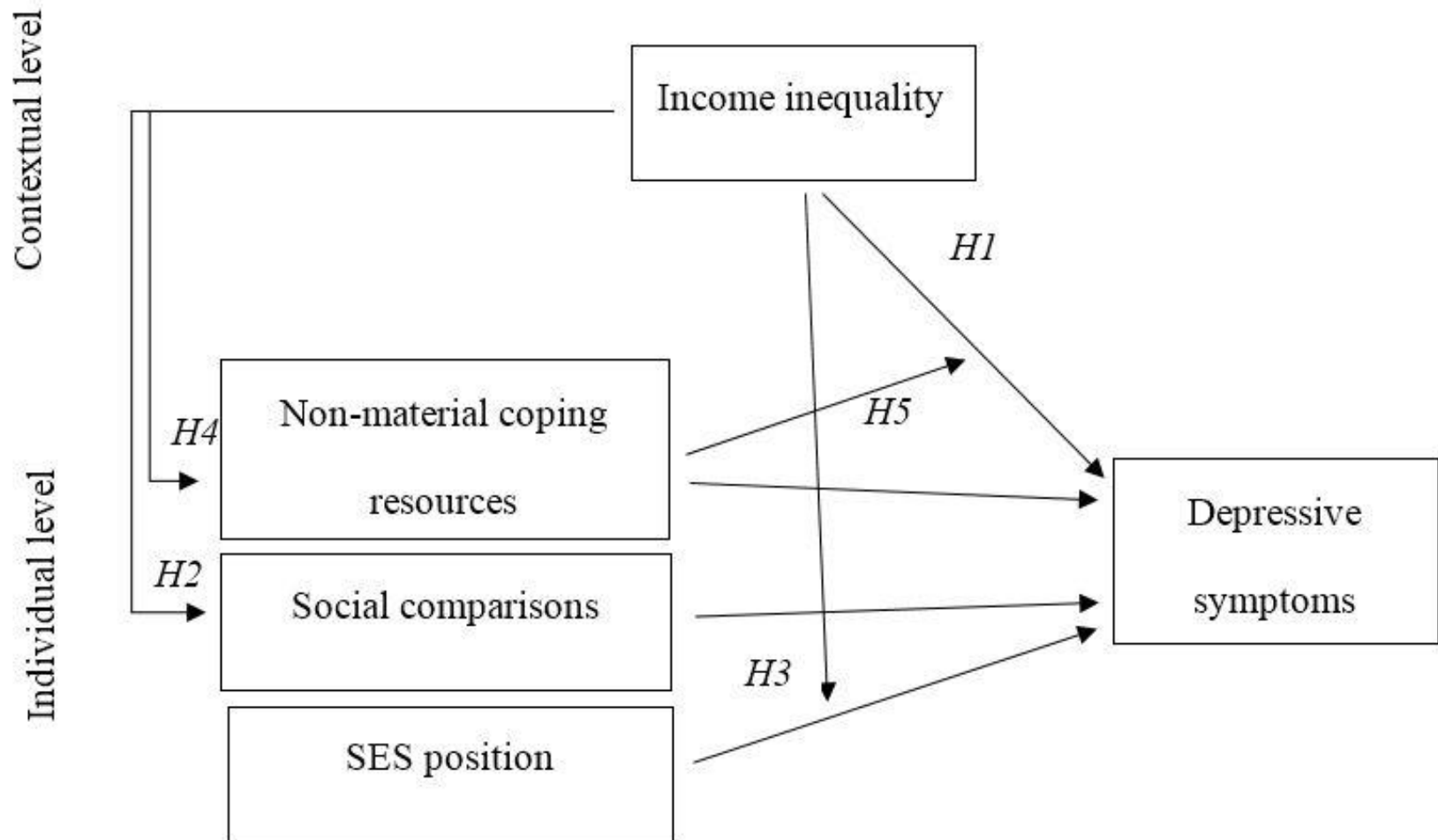
(under review)

Income inequality and depression in Europe

Our research questions:

- can inequality aggravate depression?
- if so, what are the mechanisms behind this detrimental effect?
- can individuals protect themselves?
- does inequality harm everyone, or are some groups more vulnerable than others?

Income inequality and depression in Europe



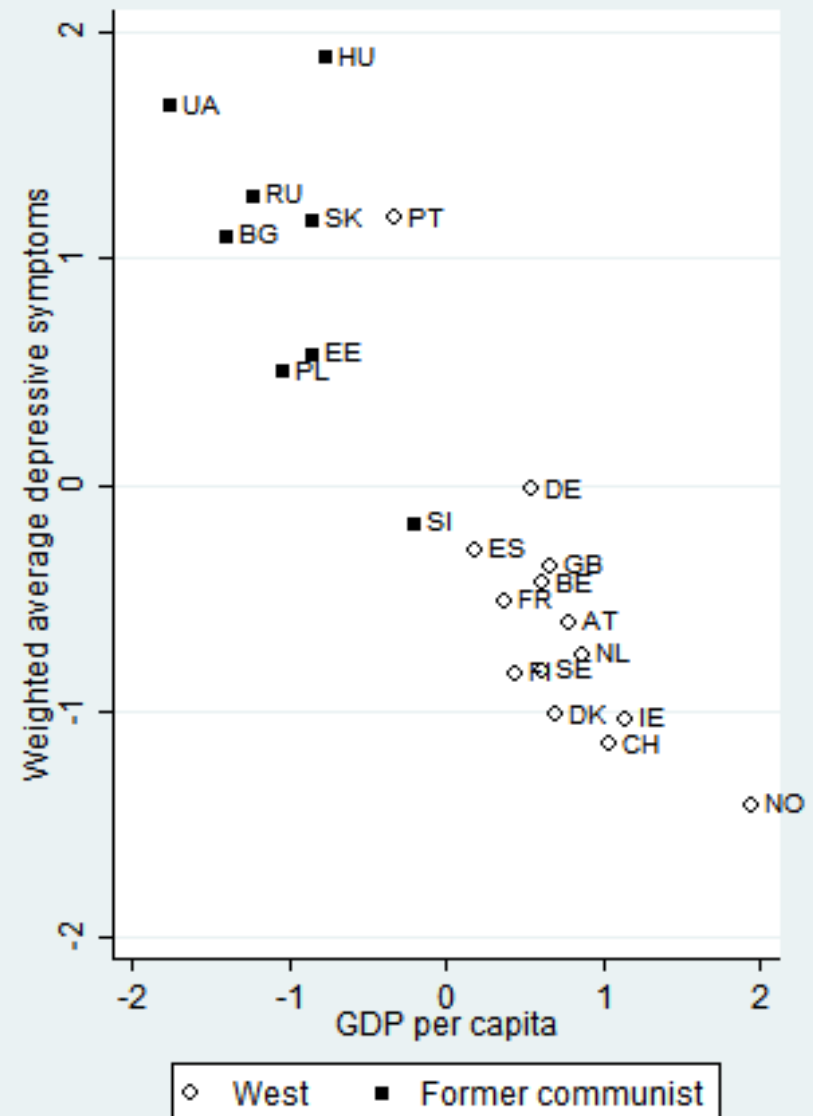
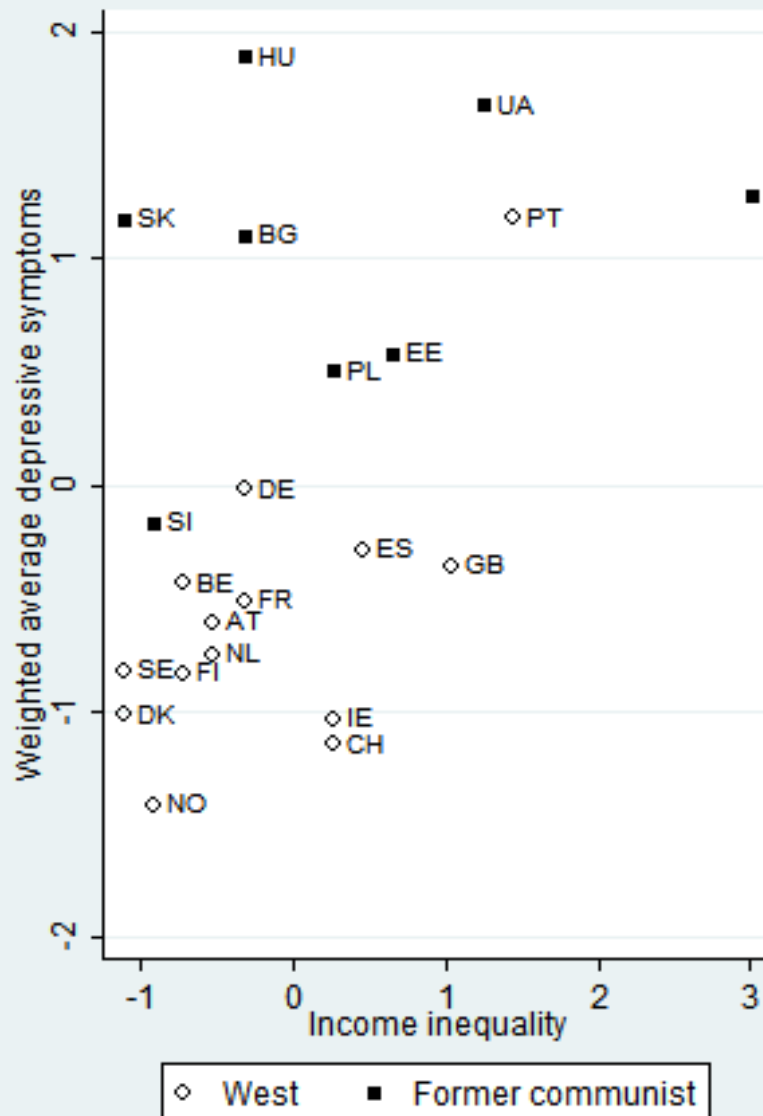
Income inequality and depression

- European Social Survey 2006
- 43824 respondents nested in 23 countries
- Multi-level techniques
- Chained equations multiple imputation method (ICE)
 - Imputations within the country
- Dependent variable: Center for Epidemiologic Studies Depression Scale (CES-D8)
 - Sum scale 8 items: feeling depressed, everything was an effort, slept bad, felt lonely, felt sad, could not get going, enjoyed life and felt happy

Income inequality and depression

- Income inequality: GINI Index net consumption (SWIID, Solt 2009)
- Social comparisons: one item - important to compare income with other people's income
- Non-material coping resources:
 - Supportive relations – there are people in my life who really care about me / have anyone with whom I can “discuss intimate and personal matters”
 - Psychological coping resources: optimism /self-esteem /resilience
- Controlling for composition:
 - Absolute income (per person equivalised income available for consumption in PPP)

Income inequality and depression



Income inequality and depression

	Model 1	Model 2	Model 3	Model 4	Model 5
Gini Index income	.64 (.23)	.61 (.22)	.60 (.20)	.51 (.17)	.50 (.17)
Important to compare income with others			.43 (.04)		.15 (.03)
Psychological coping resources				-1.97 (.02)	-1.96 (.02)
There are people who care				-.35 (.02)	-.35 (.02)
Someone with whom intimate and personal matters can be discussed				-1.08 (.06)	-1.08 (.06)
Intercept	6.17 (.23)	6.83 (.25)	7.03 (.26)	7.67 (.21)	7.83 (.22)
Other individual-level variables	No	Yes	Yes	Yes	Yes
Variance country level	1.17	1.01	.90	.63	.60
Variance individual level	16.49	15.27	15.09	11.02	11.00

Income inequality and depression

Interaction with:	Gini Index income
Psychological coping resources	-.09 (.05)
There are people who care	-.04 (.04)
Someone with whom intimate and personal matters can be discussed	-.29 (.12)

Income inequality and depression

- In conclusion – income inequality was related to average depressive symptoms after controlling for composition effects
 - however, the effect was sensitive when other contextual variables were added;
 - no evidence for the social comparison mechanism – people did not engage more in comparisons of their income in countries with higher income inequality
 - also, no evidence for the mechanism through the non-material coping resources
 - but, coping resources mattered - psychological resources or social support offered protection against the detrimental effect of inequality;

Income inequality, corruption and well-being

- The status of the income inequality thesis:
 - Accumulation of inconsistent results;
 - Mechanisms proposed, through:
 - social comparisons or social support – no strong evidence;
 - trust and status anxiety – some supporting evidence;
 - **institutional context** (via systematic underinvestment in public goods such as health services and infrastructure) – weak support;

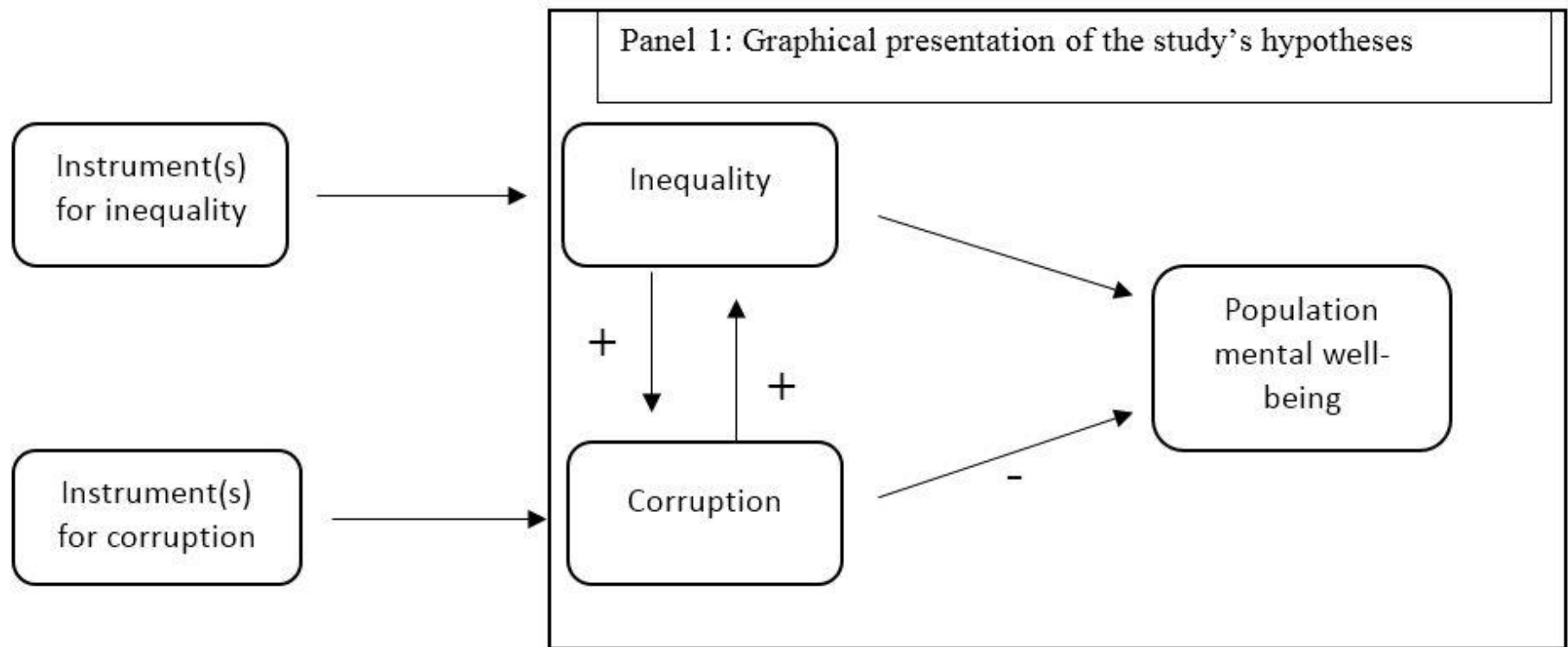
Income inequality, corruption and well-being



Income inequality, corruption and well-being

- Research question:
 - can we find evidence for a causal mechanism linking inequality to population well-being through an effect on corruption?

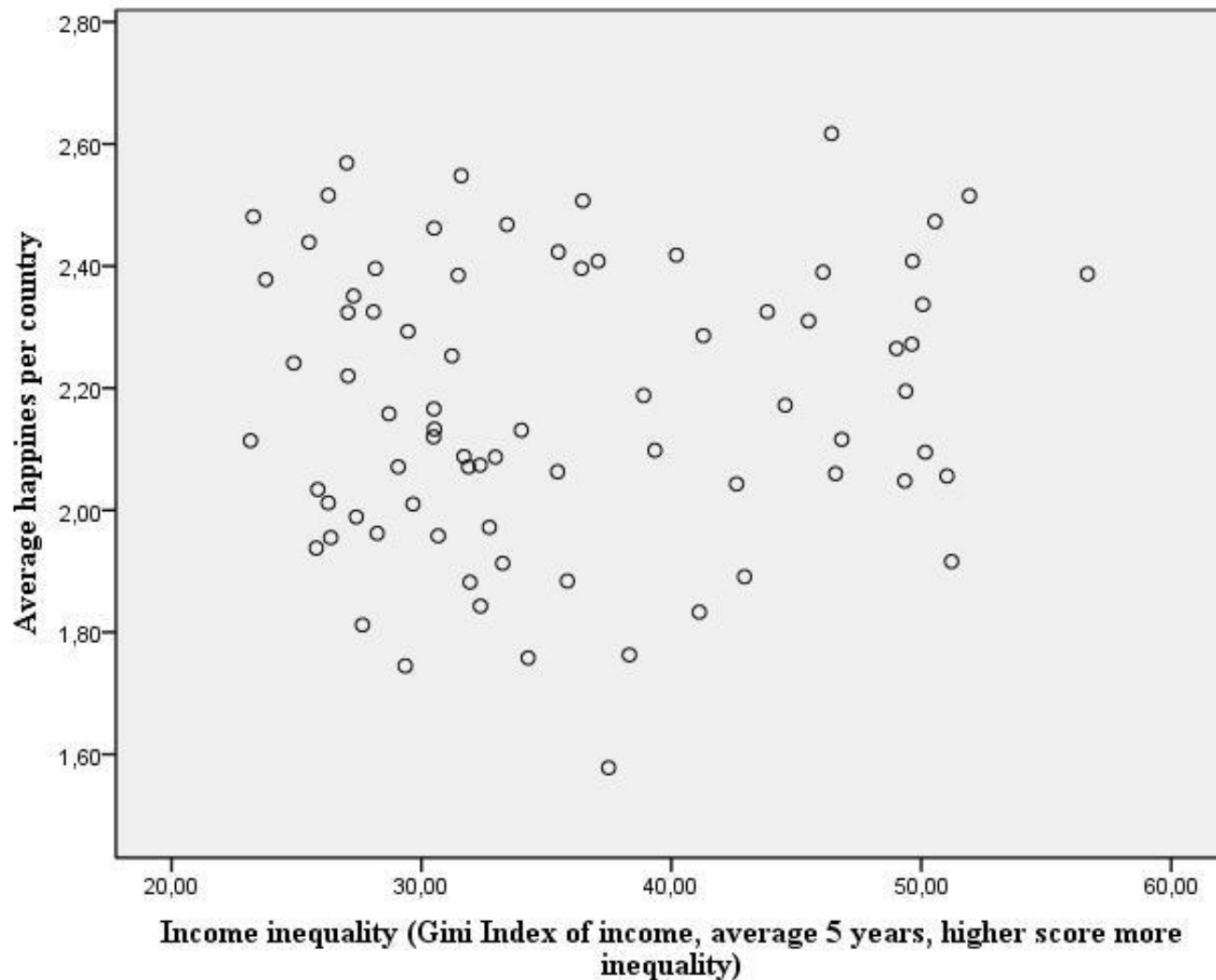
Income inequality, corruption and well-being



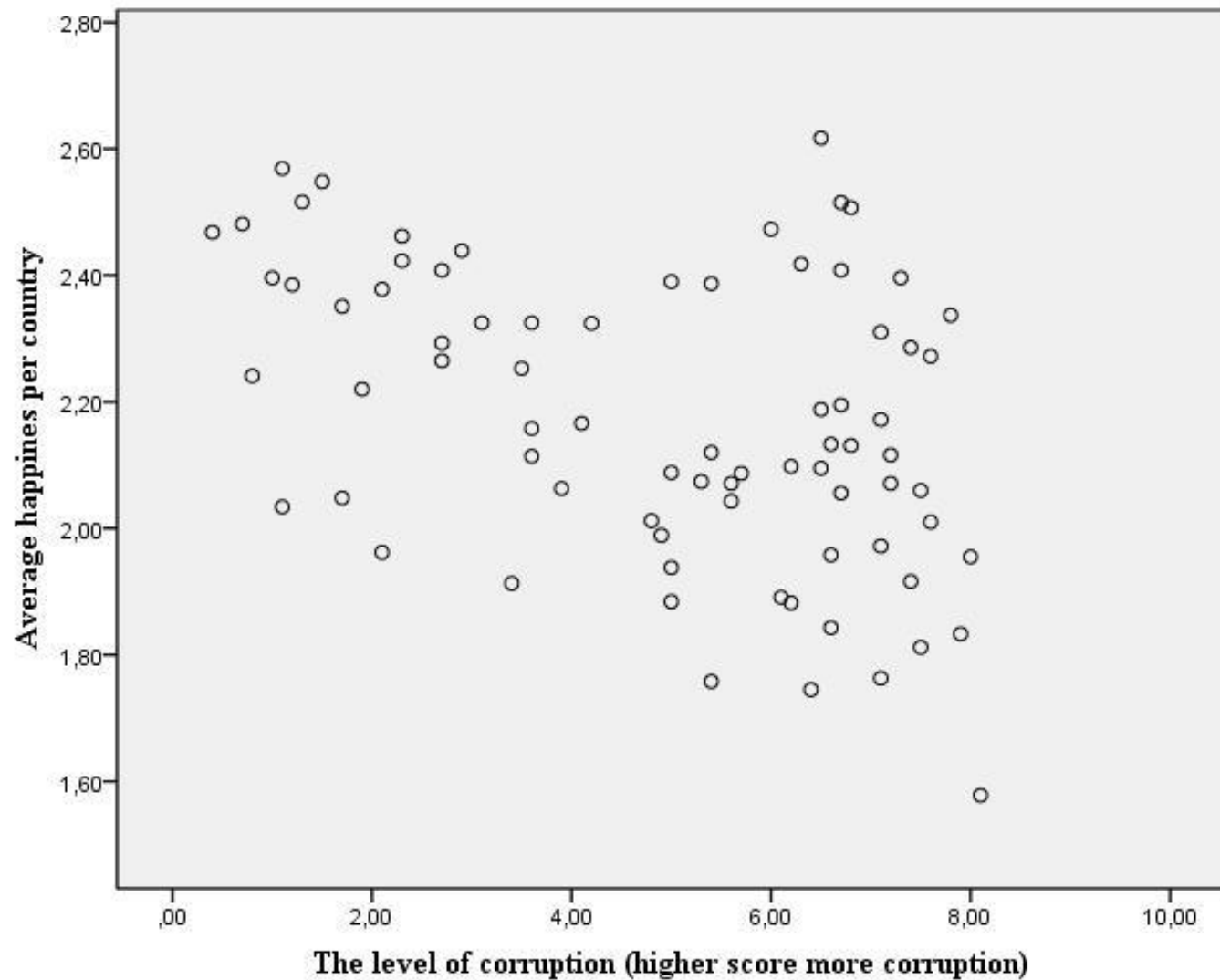
Income inequality, corruption and well-being

- Data: European Values Study (EVS), wave 2008 and World Values Survey (WVS), wave 2005-2009
- 150256 individuals nested in 77 countries
- Dependent variable: self-reported happiness
- Method: 2 step-approach of analysis of multilevel data
 - Individual level: regress on the DV a set of individual level variables + country dummies + a dummy for the survey where the data came from + dummies for the year of data collection. Outcome: average DV for each country, controlled for composition
 - Country level: SEM model with instrumental variables

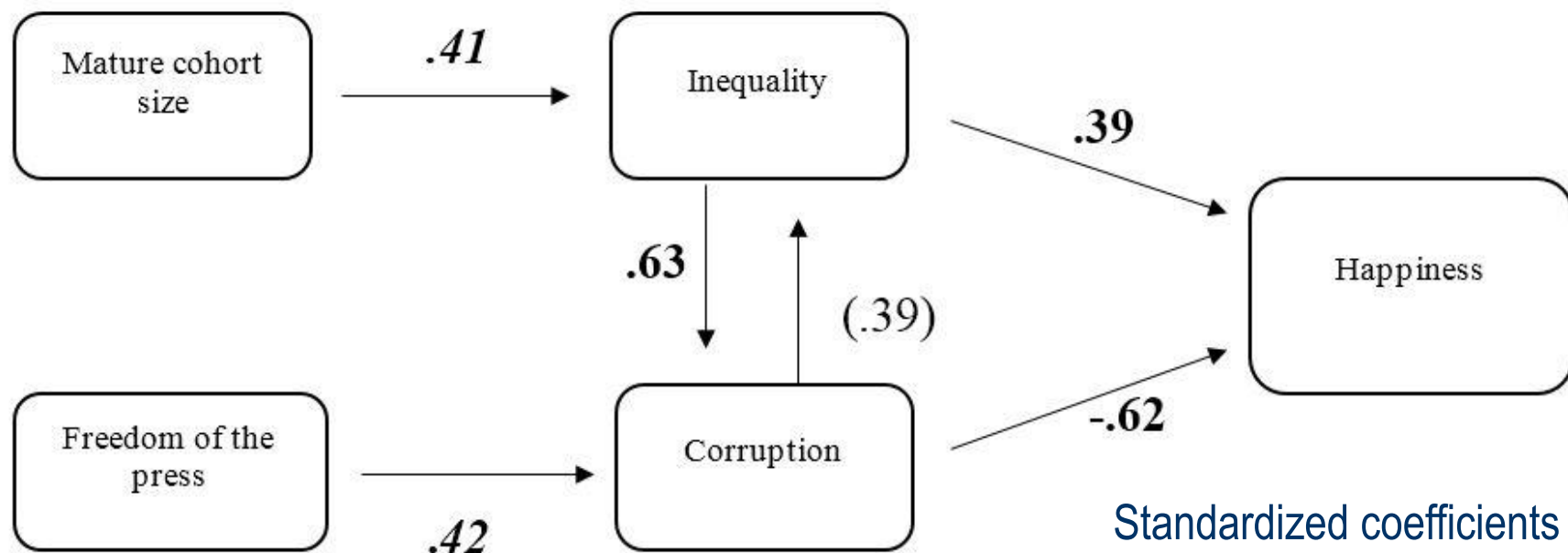
Income inequality, corruption and well-being



Income inequality, corruption and well-being



Income inequality, corruption and well-being



	Estimate	SE	p	Standardized effect
Indirect effect of:				
Income inequality on happiness	-.012	.005	.03	-.419
Corruption on happiness	-.007	.004	.13	-.063
Total effect of:				
Income inequality on happiness	-.004	.007	.55	-.155
Corruption on happiness	-.078	.011	.00	-.723

The income inequality revisited

- Focus on mechanisms at individual or contextual level:
 - The stress mechanism – can inequality “get under the skin” and stress people?;
 - Cultural norms about inequality, i.e., fair inequality;
 - Other alternative contextual paths;
- Different effects for different social groups?;
- All health outcomes are the same?

The income inequality revisited

Thank you for your attention!