

THE INNER LEVEL, Part 2. Book Report by David G. Schwartz, M.D.

In Part 1, we saw that income inequality causes a whole host of social, economic, and health problems by establishing an economic class hierarchy, not too different from the dominance hierarchy of the apes, and that for 95% of human history, people lived in more egalitarian social structures. Why now must we be doomed to this selfish, greed-propelled “rat race” that plows the losers under and grows narcissists at the top of the heap? How can we transform our society to make our living more healthful and sane, and make environmental sustainability more possible?

The authors, Wilkinson and Pickett outline some strategies for change. They question the whole idea of economic growth in a material sense. A growing service economy is sustainable, but when incessant pressure to produce more material goods is relentless, the drive for more “stuff,” to achieve more status and dominance, results in huge inequalities, and eventually loss of upward mobility, with those on top cementing their positions, with financial and political clout, as in the end of the game of “Monopoly.” Not only that, I would add that it threatens the whole human habitat on earth, because resources are finite, and the polluted space is finite.

The raised material standard of living in any society increases well being to point where the society becomes wealthy, but further increase does not improve well being any more. Example: Some countries like Costa Rica and Cuba are only 1/3 as wealthy as the richest countries in terms of GDP (Gross Domestic Product) per head, yet they have comparable life expectancy. Likewise, many less wealthy countries achieve a high life expectancy with 1/3 the CO<sub>2</sub> emissions of the richest countries.

Economic growth in material goods drives the environmental crisis, not just global warming, but soil erosion, deforestation, toxic chemical pollution, species loss, acidification of the oceans, endocrine disruptors and antibiotics discharged into the water supply, and a multitude of other devastating effects.

Creating more equality goes hand in hand with putting limits on economic growth, as we know it. As I see it, growth of GDP is a sacred cow that most people think is needed for full employment, when actually it mostly drives the stock market and investments, and many jobs are lost or depreciated during economic expansion, with robotics, plant relocations, etc.

The new jobs are often lower wage positions with fewer benefits and less security, while the stock market soars. Great economic expansion! GDP growth is not the only indicator of economic well being for general population.

I see that materialism drives income inequality's hierarchy, and vice versa. The Rev. Dr. Martin Luther King said that materialism, with all its attendant hedonism and egotism, produces sleepwalkers bereft of compassion, and zombies deficient in love. We need to establish a measure of economic growth that is not solely based on material goods.

With the coming of the agricultural and industrial ages, leaving behind the hunter-gatherer way of life, more individualism and capitalism grew, as humans dispersed to remote areas of the earth. Now modern industrial societies, trading globally, are becoming more closely interdependent. Highly integrated and coordinated behavior is essential, and this requires a more cooperative way of life. The systemic inequality, individualistic behavior, and the economic hierarchy looks like an irrational hold over from a long past era.

Again, taking a look at human history, hunter-gatherers have been called, "the original affluent societies." They had few needs that were easily satisfied, with leisure, with no need to consume or acquire more. Skeletal evidence showed they were as tall as modern humans. Decrease in height began to appear with the coming of the agricultural era.

Agriculture came about because of population density increasing to the point at which they could not subsist on what grew wild.

Then the industrial revolution came about also by necessity because of pressures on the land for food, clothing, animal feed, also because of urban population density.

Now modern economic development has brought about two crucial conditions for a transition to more equality: 1. No necessary overall scarcity, that was common in agricultural societies. (Any scarcity is contrived by income inequality.) 2. Interdependent societies, (similar to the situation of the hunter-gatherers.) We no longer need to be stuck with outmoded forms of social structure, originally based on genuine scarcity and competition for those scarce resources. Modern famines are the result of

economic systems that do not allow distribution of abundant food to those who need it.

So now, even if a majority of the world's population is convinced that more social equality would be better than what we have now, if the political forces are not there, such a major transformation is not likely to happen without some major crisis. In this country, the move to a more egalitarian economy in the 1930's occurred because of (1) the Great Depression, and (2) a competing ideology, communism. In order to "save capitalism from itself," and avoid a violent communist insurrection, the New Deal accomplished major reforms in the economic structure. The existing structure of the "Roaring 20's," also called "the gilded age," had been much like ours today, with similar levels of income inequality. The new massive reforms created more equality of economic opportunity, made the tax structure more progressive, and empowered labor unions. Trade union strength rose in the late 1930's, and continued through the 1970's. Then since the 1980's, the unions were crippled by much restrictive legislation of the Reagan years, until now it is at a low point, like in 1928.

Other countries had similar political forces that pushed them to reform their economies toward more equality, from the Depression era up to the 1980's. The World Bank report in 1994 regarding 8 countries, the "Tiger Economies," Japan, South Korea, Taiwan, Singapore, Hong Kong, Thailand, Malaysia, and Indonesia, showed their success at reducing income differentials from 1960 to 1980. They did this because they faced challenges to their legitimacy from communist rivals. Some of the policies they instituted were land reform, subsidies to boost rural income, wealth sharing, large-scale public housing, and assistance to worker cooperatives.

The authors cite several European countries that promoted economic democracy by legislating more employee representation on company boards. This, in some cases, demonstrably increased company efficiency and market value. Companies needing intense coordination, integration of activities, and information sharing, benefited most from employee representation. Countries with stronger legislation to do this had smaller rises in inequality in the 1980's. The authors recommend this policy as well as support for other democratic institutions such as employee owned cooperatives and employee owned companies. Employee owned companies raise productivity, have more innovations, withstand recession better, have less sickness and absence, and reduce income differences within the company.

Without employee ownership and board representation, the usual focus on growth comes from maximizing returns to external shareholders, many of whom have little understanding of or control over what the company does.

What is good for the bottom line is not necessarily good for the public at large. In the book, Lethal But Legal, Nicholas Freudenberg, Professor of Public Health at City University of New York, provides detailed and copious evidence that the food, tobacco, alcohol, gun, pharmaceutical, agribusiness, and automobile industries are among the most important threats to public health.

Whether pretax incomes are made more equal through economic democracy, more worker control of companies, higher minimum wage, strengthening trade unions, addressing zero hours contracts, etc., or whether the tax structure is changed and more social security and other aid is given to lower income people, if the inequality is reduced, the benefits are the same. Enormous sums of money are saved through less violent crime and imprisonment and better mental health alone, to offset whatever costs may accrue through aid to the poor, more social security benefits, or by providing basic income.

To make the tax structure more progressive, first the offshore tax havens have to be curtailed and other forms of tax avoidance blocked, before considering increasing tax rates on the wealthy. If the estate taxes were reinstated, there would be less incentive to amass wealth for the next generation, who did nothing to earn it. Also, if CEO compensation were reduced and taxed more, there could be less incentive to shunt company income to the CEO's, away from worker compensation, and there would be less pressure on companies to raise CEO compensation to compete with other companies. Higher compensation does not translate to higher company profits

Whatever the method, it will face strong opposition from the wealthy, and from large corporations. There needs to be a broad based consensus across the population that this problem needs to be addressed.

Information could be publicized about which democratic companies and employee owned cooperatives are available for people to shop from, and with which to do banking. People could choose them instead of the behemoth online retailers that mistreat employees and avoid taxes.

Economic democracy could be a condition for awarding government contracts. All but the smallest companies could be required by law to have employee representatives on their boards and that a certain percent of annual profits be transferred to employee-controlled trusts, and that employees could not sell their share in the ownership back to the company. Employees could be given training in business law, accounting, and management. CEO compensation could be tied to a certain percent of employee wages.

I would suggest requiring corporations who want to do business in or to sell products in this country to not move plants overseas without paying the same wage rates in that country and to have part employee ownership. The incentive for moving would be gone, and that would give labor unions more leverage.

To make all this happen, the population at large needs to understand the problem, that the relationship of income inequality with all these problems has to be addressed, and that our very survival is at stake. The purpose for reading this book is to make a strong, scientific, evidence-based understanding available, so people can see the urgency and take action. After the late 1970's people seemed to forget the devastating problems of the Great Depression and what led to it, and forgot the benefits of economic democracy and what it did to recover from the depression. People seemed to have lost faith in the ability of government to produce those results, maybe because government has too often been the tool of the wealthy corporations. Much of that equality and economic stability from the 1940's to the 1970's was lost, and now we have a fragile economy, a fragile democracy, a hostile and sharply divided nation, with huge social and health problems, and public mistrust of government's ability to solve the problems. Someone once said, "The United States can be counted on to do the right thing, after exhausting all other possibilities." What kind of crisis will it take for us to take notice?

In my perspective, a large part of the population is caught up in the class dominance and conspicuous consumption, and, like an addiction, they don't want to give it up even if they are on the lower rungs of the ladder. They believe that more material things and power they get will bring happiness. See my article on Dr. "Robert Lustig's book, [The Hacking of the American Mind](#). They hope that some day they may become rich if we support public policy that helps the wealthy. And then there are those on the middle or upper middle rungs on the ladder that are afraid of losing their position if any "social changes" occur.

There is another substantial segment of people who are people-centered, believe in collaboration and cooperation, as the best ways to achieve individual well being. They are not so caught up in the social class system, don't need much stuff, and don't stimulate the material economy. Yet they still suffer the consequences of the turmoil in the society from income inequality.

The materialist and the socio-centric value systems are often in direct conflict, and the people get hostile toward each other. There needs to be a way these opposing views can be debated civilly and elucidate common ground and complementarity.

Most people are not aware of the severity of the extreme divide of income inequality. When shown a pie chart to represent the portion of income that goes to what percent of the population, they think that the pie chart of Sweden (most egalitarian), is a representation of the U.S.A., and are aghast when shown the graph of the US.

I say that we need to come to a general consensus of what kind of society do we want to have. Do we believe in the Golden Rule and loving your neighbor as yourself (Everyone is a neighbor nowadays.), as taught by the basic tenets of all religions? Do we concur with the preamble to the U.S. Constitution that says the government is to establish justice, promote the general welfare, and to insure domestic tranquility? Do we realize that income inequality and its domination system does not establish justice, promote tranquility, nor promote the general welfare? Adam Smith, the original intellectual advocate for capitalism, said that capitalism should benefit all, and he never said it should not be regulated. Income inequality has given capitalism a choke-hold on democracy, with a de-facto plutocracy running the political process.

If income inequality continues to grow, we may see the extinction of the human species as well as many other species already lost, and an uninhabitable planet. Will we return to "the Planet of the Apes?" The book notes a cartoon with a company CEO lecturing the staff, "And so, while the end-of-the world scenario will be rife with unimaginable horrors, we believe that the pre-end period will be filled with unprecedented opportunities for profit." In another, a father, sitting on the ground in a desolate landscape,

tells his children, “Yes, the planet got destroyed, but for a beautiful moment, we created a lot of value for shareholders.”

I see that we have two choices for a social and economic structure. One brings out the best in us, inspires us to live on a higher plane of human existence as the Buddha and Jesus taught, to love and respect one another and to cooperate. The other, a structure that brings out the worst in us, greed, selfishness, fear, hate, violence, injustice, dragging us into despondency, is based on the social structure of Baboons.

No known large-scale society has ever lived on this higher spiritual plane taught by Buddha and Jesus. There has always been the tendency for selfishness. The difference is that the hunter-gatherer societies enforced social cooperation with rules that had consequences. All societies since then have not had the overall power to enforce that cooperation. The large industrialized societies especially are hard to corral into the consensus decision-making process used by the hunter-gatherer communities. So the natural tendency for selfishness and greed has become more severe with time, and we don't know where it will end up, as income inequality on a global scale continues to increase. If people as a whole develop a global community consciousness as a result of seeing the destructiveness of this hierarchical system and make a solid commitment toward more egalitarianism, we have a shot at surviving this looming disaster. Aside from living on a more altruistic or spiritual plane, just valuing social connections, which is nearly number one in factors that lead to good health, could lead to valuing a society that promotes social cohesion.

This book is a call to action and an imperative that we share this information based on scientific evidence, so that people can make a logical choice, while there is still enough commitment to logic, to science, and factual evidence. If we wait too long, too many people may be too emotionally caught up in anger about the current system that they will target their rage at people and systems that did not and are not the cause of the problem. This is already happening.

We need to act now. We have the tools to do it, provided in this book, and many other people have ideas also that can work to bring about this necessary change. Our health, (and survival) depend on it. Let's do it.