

# Candidate 1 evidence

“Trickle-down’ economics increase  
inequality.”

Word Count: 5436

Centre Number

***Hypothesis:*** Trickle-down economics increase inequality.

**Aims and Methods:**

1. **My first aim will be to investigate how trickle-down economics has led to increased living conditions and wellbeing in the industrialised world.** I shall do this by looking at the life expectancies as well as the working and health conditions in the UK through the use of OECD and WID data and my interview with Professor Richard Wilkinson as well as the slides he shared with me in order to evaluate whether the income the richest in society holds can directly correlate with increasing and improving living conditions worldwide, which will then link into my second aim...
2. **My second aim will be to investigate how increasing living standards alongside increasing inequality leads to less wellbeing** which I shall research by taking particular focus on Wilkinson and Pickett's books 'The Spirit Level' and 'The Inner Level' where the effect inequality has on wellbeing is researched in depth. I will also be using my interview with Richard Wilkinson himself in order to draw conclusions on this aim before evaluating trickle down economics outside of the UK in aim 3...
3. **My third and final aim will be to research international comparisons of trickle-down economics,** with particular focus on Nordic countries such as Denmark and Norway due to the levels of inequality in such countries being some of the smallest in the world, however, to counter this I shall also be researching the USA and Brazil to allow for more global comparisons. I will be using the information gathered from The Spirit Level as well as my interview with Richard Wilkinson and other talks he has given in order to get a better understanding of inequality across the globe. Yet, I will also be using official worldwide statistics in order to compare opinions I have gathered to processed statistics and therefore draw conclusions regarding how effective trickle-down economics is overall at reducing inequality.

**Introduction:**

Trickle-down economics is an issue which is at the fore front of today's society yet the question of how effective it is must be asked. We can see how in recent time our society has been becoming increasingly unequal and the social issues suffered by those in poverty seem to be becoming no better, even while our society gets richer as a whole.<sup>1</sup> Trickle-down economics has been used in research and government in many ways to mean different things, as is shown through Richard Wilkinson's personal understanding where he tells us that "the expression trickledown economics can be attached to all sorts of ideas about how the wealth of the rich might benefit people further down".<sup>2</sup> However, for the purpose of my research the principle of trickle-down economics which I shall be focusing on and referring to is the idea that in order to reduce inequality, the richest in society and the largest/most profitable companies need to be able to gain more wealth. According to the theory this should be done by having taxes reduced for these groups as this will result in them being able to invest it into businesses and therefore benefit the working class as they will see increases in pay and improved working conditions. We can see from this how it relates to the idea of social mobility which is a concept I will be referring to throughout my research. Social mobility can be defined as the ability for people to move between social classes, most commonly spoken of in the way in which those who are less well-off should be able to move into the upper classes as long as they work hard enough.<sup>3</sup> This theory is popular in the new right perspective yet other such sociological viewpoints such as the neo-materialist view would contradict this, for they may argue that social mobility is unachievable for many. How socially mobile the UK and other countries are, is spoken of a lot in regard to measuring inequality. In relation to my hypothesis, it can be argued that if trickle-down economics allows for the poor to get richer then they will be able to move up the social hierarchy into the upper classes.<sup>4</sup> As I will show, the theory can be disproven for this is not always the case due to the social barriers on those in the working class, restricting their entry into a better

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<sup>1</sup> World Inequality Database United Kingdom, Last Accessed 05/04/22. Retrieved from <https://wid.world/country/united-kingdom/>

<sup>2</sup> PersCom 2021 Richard Wilkinson, see appendices.

<sup>3</sup> The Editors of Encyclopaedia Britannica, Amy McKenna (2020). Retrieved from <https://www.britannica.com/topic/social-mobility/additional-info#history>

<sup>4</sup> Amadeo, Kimberly (2021). Why Trickle-Down Economics Works in Theory But Not in Fact. Retrieved from <https://www.thebalance.com/trickle-down-economics-theory-effect-does-it-work-3305572>

lifestyle. This is an important research project when we look at data from the World Inequality Database and see how the top 10% of earners held around 35.9% of the overall share of all income in the UK in 2018 whilst the bottom 50% held just 20.3%. Furthermore, the richest are giving a considerably lower % of their income to the government in taxes than many in the working class, suggesting inequality is driven by unequal tax policy.<sup>5</sup> However, in order to evaluate whether trickle-down economics does in fact increase inequality we must not only understand the effects which trickle-down economics has on living conditions, but also the reality of inequality in the UK today as well as comparisons with other countries worldwide to draw a justifiable conclusion as to whether trickle down economics reduces inequality, or if trickle-down economics in fact requires inequality.

**Word Count: 609**

**Aim 1:**

**“Trickle-down economics has led to increased living conditions and wellbeing in the industrialised world.”**

The concept of trickle-down economics is argued to improve living conditions for the working class, for where the richest in society are able to hold a higher amount of their income (pay less to the government in taxes), then they will be able to invest more of their money into businesses and companies which then support the working class through business owners increasing pay etc.<sup>6</sup> This then will ideally result in greater living conditions, health, and wellbeing for the most vulnerable in society. However, we must ask whether this money is actually trickling down, or how far, if at all, it is going down.

In recent years we can see how living conditions globally, have improved in general terms. We can see how “In 2016, life expectancy at birth on average across OECD countries reached 80.6 years, an increase of more than ten years since 1970.”<sup>7</sup> Furthermore, the life

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<sup>5</sup> Dr David Hope and Julian Limberg. LSE. (2020) The Economic Consequences of Major Tax Cuts for the Rich. Retrieved from

[https://eprints.lse.ac.uk/107919/1/Hope\\_economic\\_consequences\\_of\\_major\\_tax\\_cuts\\_published.pdf](https://eprints.lse.ac.uk/107919/1/Hope_economic_consequences_of_major_tax_cuts_published.pdf)

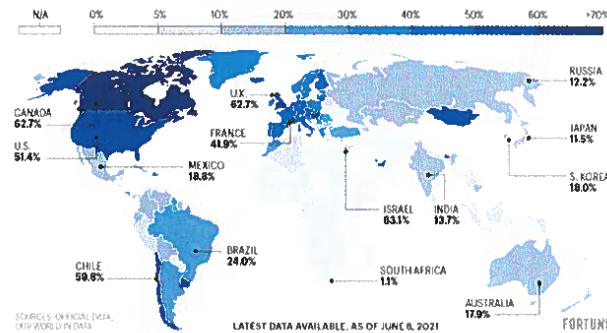
<sup>6</sup> The Editors of Encyclopaedia Britannica, Amy McKenna (2020). Retrieved from

<https://www.britannica.com/topic/social-mobility/additional-info#history>

<sup>7</sup> OECD Library (2016). Retrieved from <https://www.oecd-ilibrary.org/sites/5d08dbc5-en/index.html?itemId=/content/component/5d08dbc5->

expectancies of women as a worldwide average have gone from 48.5 in 1950 to 75.6 years in 2020.<sup>8</sup> Meaning that living conditions across the OECD countries, from health, to poverty and housing situations must be better? Well, technically it should be. Every year advancements in technology and medicine are being made, all of which allowing humans to do less, get better faster, and live longer. These developments were made clear during the pandemic where we saw the AstraZeneca vaccine, the first UK made vaccine, rolled out early 2021 to the general public, just a year after we saw the pandemic break out amongst the country.<sup>9</sup> This shows the rapid development and ability that our health services have when money is invested, allowing a vaccine to be created in a 10<sup>th</sup> of the time we have ever seen before.<sup>10</sup> This money has come from taxes which are currently, due to this “trickle down” stance and ideology the government seems to have proportionately more of the working class’s money. Hence we see through these life expectancies how health generally has improved across the world arguably due to ‘a rising tide lifting all boats’.

However, there are issues with this stance for we can say that this is not the case for everyone, and health conditions for so many are still considerably below the average. And we can see how this closely relates to the level of inequality within a country. For example, linking back to the covid-19 vaccines, there is massive inequality in terms of who can afford, gets. This is true where we see that as of June 2021, where 62.7% of the population in the UK and Canada had taken 1-2 doses of the vaccine, whilst only 13.7% of the population in India and 1.1% in South Africa had the vaccine.<sup>11</sup> This represents the difficulties faced by countries in the



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<sup>8</sup> Worldometer (Last Accessed 18/04/22). Retrieved from <https://www.worldometers.info/demographics/life-expectancy/>

<sup>9</sup> Scottish Government, Oxford AstraZeneca vaccine national roll-out (10/01/2021) Retrieved from <https://www.gov.scot/news/oxford-astrazeneca-vaccine-national-roll-out/>

<sup>10</sup> Wikipedia (Last Accessed 18/04/22). Oxford–AstraZeneca COVID-19 vaccine. Retrieved from [https://en.wikipedia.org/wiki/Oxford%E2%80%93AstraZeneca\\_COVID-19\\_vaccine](https://en.wikipedia.org/wiki/Oxford%E2%80%93AstraZeneca_COVID-19_vaccine)

<sup>11</sup> PersCom 2021 Richard Wilkinson, see appendix 3.

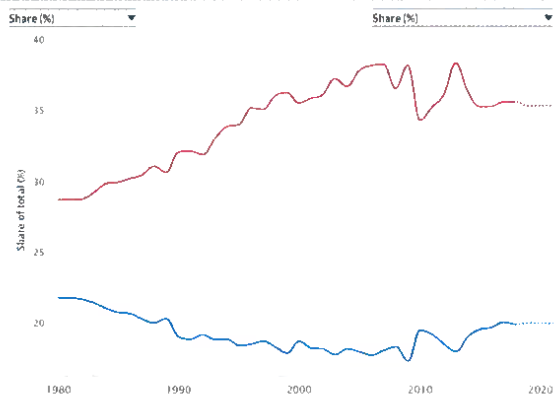
global south where, as health conditions etc are able to raise in the north, the south must suffer at the expense of their success; due to their less capitalist approach to the running of society and the post colonial economic situation so many countries find themselves in, once more at expense to the wealthiest countries in the global north. However difficult a situation this is, as I will address later, we must for now focus on the impacts which trickle down economics has had on the industrialised world.

In the UK, we can see how there has been a recent rise in income amongst both the richest and poorest in society, as the bottom 50% of earners are estimated to hold 20.3% of all income as of 2021 compared to 2013 where they held a share of 18.4%. This suggests that the employment conditions have improved since 2013, for example rise in the national living wage. However, where there is a rise in the bottom 50% share we can also understand how there is still massive

inequality. As the top 1%'s share is still alarmingly higher and where we see a rise in the bottom 50%'s income, this correlates to a decline in the top 1% as is shown in the figure which suggests and proves my theory that for trickle down economics to be an effective

concept there must still be inequality.<sup>12</sup> Which in turn can cause greater issues in terms of health, employment, living conditions etc as I shall later discuss. But once more we must accept that despite this for the most, people are living longer, healthier lives. What more, the unemployment rate in the UK has almost halved from 2011 where it was at 8.4% compared to 2021's 4.1%,<sup>13</sup> suggesting that there are greater opportunities for people in the UK resulting in more people being able to find employment, hence arguably correlating with

Income inequality, United Kingdom, 1981-2021



<sup>12</sup> World Inequality Database United Kingdom, Last Accessed 05/04/22. Retrieved from <https://wid.world/country/united-kingdom/>

<sup>13</sup> Office for National Statistics UK, Unemployment. (Last Accessed 18/04/22). Retrieved from <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment>

the income rise amongst the bottom 50% of earners.<sup>14</sup> So, at a glance it may seem that things are getting better for most people, and this can be seen to be due to trickle-down economics – as when the rich are allowed to get richer, living conditions are improved for the working class.

On the other hand, there is a substantial argument to disprove this, for in allowing the rich to get richer, this causes greater inequality and as we are aware due to researchers like Wilkinson and Pickett and Dr Harry Burns,<sup>15</sup> greater inequality results in worse living standards and conditions. Moreover, the government uses trickle-down economics to justify tax cuts to the rich, which as is proven in Dr Hope and Limberg's paper "The Economic Consequences of Major Tax Cuts on the Rich" where they draw the conclusion that "cutting taxes on the rich increases top income shares, but has little effect on economic performance" and "that major tax cuts for the rich push up income inequality"<sup>16</sup> yet find no evidence to suggest that cutting the richest taxes can directly relate to improving living standards for the poorest, especially when income inequality is increased.

**Word Count: 1087**

**Aim 2:**

**"Increasing living standards alongside increasing inequality leads to less wellbeing."**

As I have previously touched on, inequality in a society has been proven to cause massive societal issues. From health, to income, employment, housing, and wellbeing, all of these issues are worsened in a more unequal society. World leading experts in this field and authors of the books "The Spirit Level" and "The Inner Level", Wilkinson and Pickett, research and proved this theory. "The Inner Level: How More Equal Societies Reduce Stress, Restore Sanity and Improve Everyone's Well-being" delves into the issue further and focuses on the health and wellbeing impacts of inequality within society, linking to research

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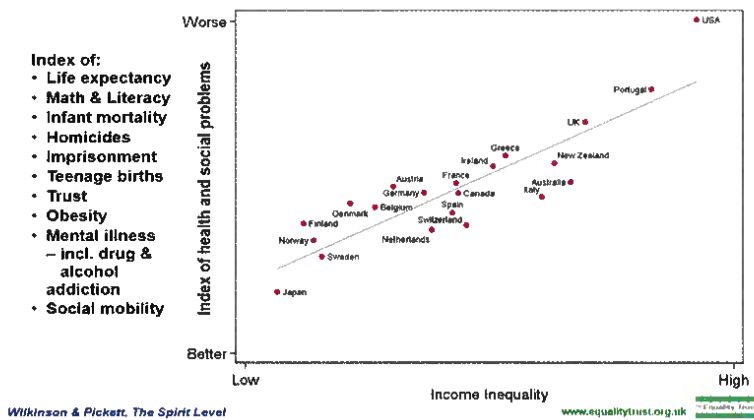
<sup>14</sup> World Inequality Database United Kingdom, Last Accessed 05/04/22. Retrieved from <https://wid.world/country/united-kingdom/>

<sup>15</sup> Wilkinson and Pickett, The Spirit Level (2009), London.

<sup>16</sup> Dr David Hope and Julian Limberg. LSE. (2020) The Economic Consequences of Major Tax Cuts for the Rich. Retrieved from [https://eprints.lse.ac.uk/107919/1/Hope\\_economic\\_consequences\\_of\\_major\\_tax\\_cuts\\_published.pdf](https://eprints.lse.ac.uk/107919/1/Hope_economic_consequences_of_major_tax_cuts_published.pdf)

completed by Dr Harry Burns here in Scotland. Both Wilkinson and Pickett and Dr Harry Burns demonstrate the severe impact which income inequality has on the physical and mental health of everyone in society.<sup>17</sup> One of the key points spoke about by both in terms of physical health is how many health problems can be plotted against a social gradient. Examples of this according to Wilkinson includes “respiratory diseases, infections, heart disease, cancers” which is also spoke of by Dr Harry Burns, for it can be shown how stress is the root of many of these issues, as stress in life from a young age can result in increased levels of cholesterol being produced which in turn results in a greater likelihood of suffering from diseases such as heart disease etc.<sup>18</sup> This is illustrated in Wilkinson’s and Pickett’s “Spirit Level” where they show how “Health and social problems are worse in more unequal countries” according to an index of 10 factors including life expectancy, social mobility, mental illness, etc. Here we can see in Japan there is considerably lower income inequality in comparison to the USA and this correlates with less health and social problems in Japan than there is in the USA. This is measured by the index created by Wilkinson and Pickett

**Health and social problems are worse in more unequal countries**



which Professor Richard Wilkinson informs me was based on researching problems with a social gradient, as he began researching health and the relation to inequality in the 1970’s before working with Pickett to discover more social issues with the same correlation.<sup>19</sup>

<sup>17</sup> Wilkinson and Pickett, *The Spirit Level* (2009), London.

<sup>18</sup> PersCom 2021 Richard Wilkinson, see appendix 3.

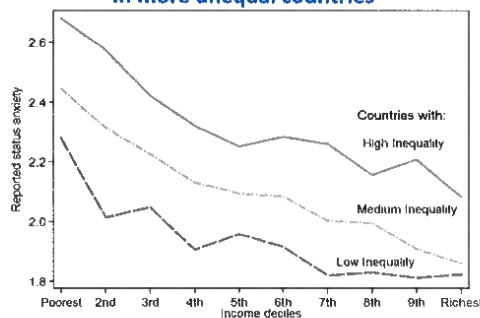
<sup>19</sup> PersCom 2021 Richard Wilkinson, see appendix 3.

Social Stress and Status Anxiety can be seen to be a cause of many of these health issues, as previously mentioned for not only does stress impact the body physically, but mental health is a massive issue in more unequal communities. Both of these are caused by greater inequality within a society, for where people feel as though there is an even greater distance between them and those who are considered 'above them'<sup>20</sup> or at the top of society, a trend in depression and anxiety is seen which in turn causes further issues for people, for example employment becomes difficult as well as the persons general wellbeing. This is due to people feeling like they must do better, and that even if they like their low paying job they must do better and work harder- which links to the whole concept of social mobility and needing to move up the social hierarchy in order to be viewed as worthy in society. We can see how this relates to the Functionalist viewpoint on inequality where it is suggested that society needs inequality in order to give incentive for people to work harder. However, the reality is that no matter how hard some work they will never be able to achieve as much as their peers, as evidenced in the work of Robert K Merton.

His research in fact links to Wilkinson and Pickett's where all sociologists proved how imprisonment and crime rates are higher in more unequal communities.<sup>21</sup> Moreover, Wilkinson shows how "homicide rates are higher in more unequal US states and Canadian provinces" which he then goes on to say is related to status anxiety and stress caused by inequality where he told me that "violence is so often triggered by people feeling disrespected, looked down, loss of face, humiliation; that's why people lash out."<sup>22</sup> So, we can understand here how social status can massively impact a community, yet individuals alone also feel the stress resulting in worse mental health.

However, social stress also works the opposite way, where societies and

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



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

<sup>20</sup> PersCom 2021 Richard Wilkinson, see appendix 1.

<sup>21</sup> The Sociological Mail (03/12/18), Robert K. Merton: Strain Theory. Retrieved from <https://thesociologicalmail.com/2018/12/03/robert-k-merton-strain-theory/>

<sup>22</sup> PersCom 2021 Richard Wilkinson, see appendix 1.

the media's presentation of poverty creates this fear of allowing yourself to fall into low income, meaning those in higher positions in the hierarchy feel the stress of falling. This is illustrated in a graph provided by Richard Layte where he shows how "Status anxiety is higher at all income levels in more unequal countries".<sup>23</sup> Referring back to my original point, we can see the detrimental effect of status anxiety, particularly on those in the working class, so we must ask why trickle-down economics is an accepted method and why it suggests that "a rising tide will lift all boats" when clearly some boats are only experiencing worse wellbeing as the others rise above them.

Furthermore, the impact on children must be taken into consideration for a child's parents wellbeing and living conditions can have as much of an impact on how well they do on life in terms of social mobility as the genetics which they get from their parents has on their height. This was said by Professor Paul Dolan of the LSE, "people born into the bottom 10% and reaching the top 10% is as likely as being born to 5ft 6 parents and becoming 6ft 6".<sup>24</sup> This shows how a child's 'life chances' can be impacted very early on and influence them for the rest of their life, no matter how hard they try and work, as was shown in Goldthorpe's studies. Moreover, linking back to inequality there is evidence that child wellbeing is worse for all children in unequal countries. Wilkinson and Pickett show how "Child Wellbeing is lower in more unequal countries" according to the UNICEF Index of Child Wellbeing as well as proving that "School bullying is much more common in countries with bigger income differences." Based on researching the % of 11year olds in 37 countries who bullied others 2 or more times per month, it was shown how as the income inequality (based on the gini coefficient) increased so did the percentage showing how the impact of inequality affects children mentally and the whole 'community' aspect of society which functionalists value so highly.<sup>25</sup> Therefore, we can see how increasing living standards through the means of increasing inequality can do more harm than good to a society, even by functionalist standards as it may increase a sense of anomie- therefore we can understand how trickle-down economics reduces wellbeing in a society.

**Word Count: 1169**

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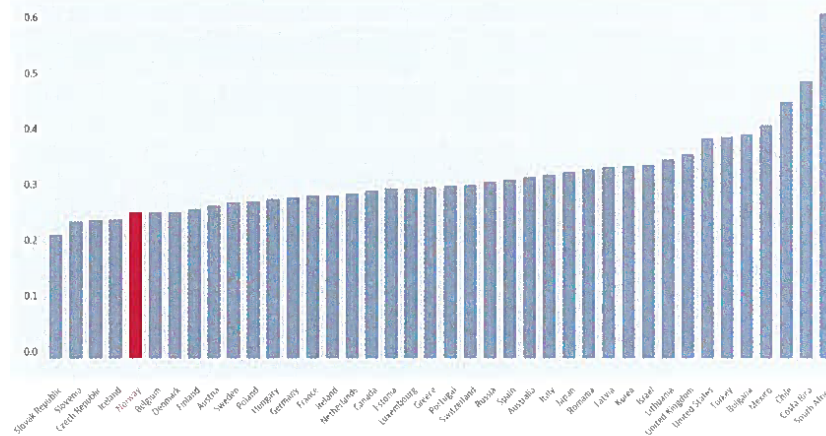
<sup>23</sup> PersCom 2021 Richard Wilkinson, see appendix 3.

<sup>24</sup> Duck-Rabbit podcast with Professor Paul Dolan LSE, Podcast: A question of class (30/04/21)

<sup>25</sup> Wilkinson and Pickett, *The Spirit Level* (2009), London.

**Aim 3:****“International Comparisons of Trickle-Down Economics”**

Research shows Scandinavian countries are considered some of the most equal countries in the world and consequently, have the least health problems. This is shown by WID Data where we can see how Norway has a Gini coefficient rating of 0.26 in comparison to the



UK's 0.37 and the USA's 0.4. And, when we look at the graph and can see how Denmark, Finland and Sweden all have a Gini coefficient considerably lower than the mean we can understand how they must be doing something differently to other OECD countries in terms of managing inequality and social status.<sup>26</sup>

Firstly, we can understand how Nordic Countries deal with inequality and support provided by the government in a different way to the UK. In Norway, there seems to be a key focus in government on universalism, meaning that their benefits system is not based on means testing, making the idea of support and benefits less stigmatising hence resulting in more people taking and using them.<sup>27</sup> Arguably, this contributes to Norway being one of the most equal countries in Europe, as was shown in the UN's World Happiness Report 2017, where

<sup>26</sup> World Inequality Database, Norway, (Last Accessed 19/04/22). Retrieved from <https://wid.world/country/norway/>

<sup>27</sup> Cogitatio, Lydia Mehrara (2020). Social Inclusion. Retrieved from <https://www.cogitatiopress.com/socialinclusion/article/view/2535#:~:text=Universalism%20is%20a%20central%20principle%20in%20Norwegian%20health,as%20originally%20conceived%20requires%20a%20more%20nuanced%20articulation>

Norway came out on top.<sup>28</sup> We can see how in Norway, 19.7% of GDP was tax, whereas in the US this figure was 15%.<sup>29</sup> So, in Norway, the population pay more in taxes however benefit from this in the sense that they suffer from less health and social problems, experience better child wellbeing than most countries and also have reduced levels of poverty. According to Norwegian Statistics in 2012, 5% of the population was classed as poor meaning that they had an income of less than 60% of the median income, in comparison to the US where this figure was 15%.<sup>30</sup> So, we can see how Norway is generally a better place to live because of this.

We can see this pattern across other Scandinavian countries too, for example Denmark and Finland as well as Sweden to an extent (despite their Gini coefficient rating increasing in recent years as they move away from universal benefits) as they all have a similar approach to inequality. Furthermore, this results in social mobility being greater in Nordic countries, for there is a reduced gap between the poorest and richest in society. As Richard Wilkinson phrased it "if you want to live the American Dream, you should move to Denmark. As Denmark has much higher social mobility than the states."<sup>31</sup> This relates to research by Robert K Merton where he showed how the American Dream is a core belief at the heart of American Society influencing inequality for people believe that hard work results in a high social status.<sup>32</sup> Yet, we can see from the WID data that the US has a higher level of inequality than other industrialised world countries, being at a similar level to the UK. In the US we can see how in 2015 the % of income going to the top 1% was around 18%, in comparison to the UK's 13% and Sweden's 7%<sup>33</sup> which represents how trickle-down economics is an ineffective concept in the US for if it was effective, and it allowed for

<sup>28</sup> World Happiness Report, 2017, Last Accessed (19/04/22). Retrieved from <https://worldhappiness.report/ed/2017/>

<sup>29</sup> Statistics Norway, Last Accessed (19/04/22). Retrieved from <https://www.ssb.no/en>

<sup>30</sup> Statistics Norway, Last Accessed (19/04/22). Retrieved from <https://www.ssb.no/en>  
Thomas Gabe, Poverty in the United States: 2012. (Nov 13 2013). Retrieved from [https://digital.library.unt.edu/ark:/67531/metadc267792/m1/1/high\\_res\\_d/RL33069\\_2013Nov13.pdf#:~:text=poverty%20rate%2C%20or%20percent%20of%20the%20population%20considered,at%20a%20level%20not%20last%20seen%20since%201993.](https://digital.library.unt.edu/ark:/67531/metadc267792/m1/1/high_res_d/RL33069_2013Nov13.pdf#:~:text=poverty%20rate%2C%20or%20percent%20of%20the%20population%20considered,at%20a%20level%20not%20last%20seen%20since%201993.)

<sup>31</sup> PersCom 2021 Richard Wilkinson

<sup>32</sup> The Sociological Mail (03/12/18), Robert K. Merton: Strain Theory. Retrieved from <https://thesociologicalmail.com/2018/12/03/robert-k-merton-strain-theory/>

<sup>33</sup> World Inequality Database. US, UK and Sweden. (Last Accessed 19/04/22). Retrieved from <https://wid.world/>

greater social mobility, then the top 1% receiving a higher amount of income should then correlate with reduced inequality. However, as we understand this is not the case.

For, the US as I have previously said is one of the most unequal countries in the industrialised world with some of the worse levels of child wellbeing according to Wilkinson and Pickett's study and also experiences the most health and social problems of the 21 countries they researched in *The Spirit Level*.<sup>34</sup> Therefore, we can understand from this how trickle-down economics is not an effective government policy for reducing inequality and arguably, increases it, for can trickle down really work without inequality? However, both countries I have looked at so far are industrialised countries of the Global North therefore, to draw a fair conclusion we must compare the situation in these countries with ones where society is less centred around capitalism in the global south. For example, if we look at social mobility in Brazil, it has been said that it can take 9 generations for a family to move from the bottom 10% to the top 10%, whilst in Denmark this is only 2.<sup>35</sup> This shows how there must be greater inequality between the highest and the lowest earners in Brazil in comparison to Denmark.

However, this is also illustrated in WID data for the top 10% of earners in Brazil in 2019 received 58.6% of all income in comparison to the bottom 50%'s share of 10.1%. This is starkly different from the Denmark data where the top 10% received 33.3% and the bottom 50% got 21.6%.<sup>36</sup> So, we can understand then why in Brazil it is considerably harder for people to move up the social hierarchy and reach the upper class. However, the question of how necessary this is must be asked, for in terms of trickle-down economics it is suggested that for society to become more equal, we must allow the highest earners to hold income so that they can spend this on projects and businesses which support the working class and in turn allow for them to rise up. Yet, this must clearly not be the case for we can see how in Brazil, there is greater inequality as well as the highest earners holding the most income. So,

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<sup>34</sup> Wilkinson and Pickett, *The Spirit Level* (2009), London.

<sup>35</sup> Rosamond Hutt World Economic Forum. These are the 10 countries with the best social mobility (20/01/2020). Retrieved from <https://www.weforum.org/agenda/2020/01/these-are-the-10-countries-with-the-best-social-mobility/>

<sup>36</sup> World Inequality Database. US, UK and Sweden. (Last Accessed 19/04/22). Retrieved from <https://wid.world/>

we must ask whether trickle down economics is truly an effective practise, or it is simply an excuse to allow for the rich to become richer?

**Word Count: 1042**

### Conclusion

'Trickle Down Economics requires inequality in its practise therefore does not reduce it.'

The hypothesis of my research was that 'Trickle Down Economics reduces inequality', however throughout my research I can find no evidence to prove this theory, yet my aims have shown how trickle-down economics requires inequality.

This is because my first aim was to research how *"Trickle-down economics has led to increased living conditions and wellbeing in the industrialised world."* and I managed to conclude that we have seen a recent trend where people are living longer as a whole, as society's health has massively improved which can be concluded is due to advances in technology which we have seen demonstrated through the covid-19 vaccine rollout. Moreover, the aim does seem to be proven as somewhat true where we see how unemployment levels had been on the decline prior to covid from 2011 to 2019, where it then spiked from 3.8% to 5.2%,<sup>37</sup> which we can assume is due to the businesses and employers who had to make staffing cuts to survive the recession caused by the virus. However, this trend would appear to support the argument that trickle-down is effective, for it seems that as the rich get richer, then employment and working conditions improve suggesting that the richest in society's income is in fact improving the living conditions of others below them.

On the other hand, as I showed when the poorest incomes increased this resulted in a reduction in the amount of income which the highest held, yet, when this was reversed, we see how as the richest held more income, the poorest in society held less. Therefore, this would suggest that trickle down economics is not an effective practise in the UK. This is because if it was effective, then as the richest got more income, then the poorest would as

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<sup>37</sup> Office for National Statistics UK, Unemployment. (Last Accessed 18/04/22). Retrieved from <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment>

well, for as it is suggested when the rich are able to hold a higher volume of total income then this should be trickling down to those who need it.

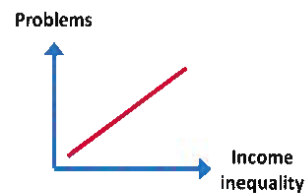
So, overall to answer my first aim it can be said that yes, there has been improved wellbeing in recent years which can arguably be related to technological advancements in health rather than the fact that the richest in society are 'supporting' the working class more.

Linking to this concept of trickle down and health is my second aim, which was to investigate how *"Increasing living standards alongside increasing inequality leads to less wellbeing."* And, through my research I conducted with

Professor Richard Wilkinson I have been able to conclude that where there is greater inequality in a society, there is also reduced living standards and wellbeing. For, as was shown in more unequal countries there is increased social

problems such as health issues, both physical and mental, as well as reduced child wellbeing. Which in turn, as Richard Wilkinson and other sociologists have proven, causes greater issues in society and reduces the quality of life for those in poverty as 'trickle down economics' where the richest are able to hold more income simply increases the distance between the richest and poorest, reducing social mobility which results in status anxiety and an increased amount of mental health problems such as depression especially amongst the working class. Therefore, increasing living standards as well as increasing inequality can be said to reduce wellbeing for all.

This has also been shown to be the case worldwide as I proved with my 3<sup>rd</sup> aim where I investigated the *"International Comparisons of Trickle-Down Economics"*. Looking at Scandinavian countries first, I could establish that they had reduced levels of inequality and consequently this linked into such countries having reduced social problems. For as I said, Norway is one of the most equal countries in Europe as well as being ranked the happiest which goes to show how direct the correlation between inequality and wellbeing is. Moreover, this correlation is also shown where we look at the levels of inequality and wellbeing in countries less equal than our own, such as the USA where social issues are considerably worse, yet social mobility plays a big part in society's view of how they should live their life, via the means of the 'American Dream'.



Furthermore, in Bhutan, it has been shown how their level of inequality is measured by Gross National Happiness,<sup>38</sup> which is arguably a more representative measure of inequality and a more effective government focus than trickle down economics could ever be as consequently, they are a more equal country with improved wellbeing. However, this is something we don't often hear about as the white Western perspective on the global south often discounts the region to be worse than us in this whole hierarchical, colonial view on the world that is represented through our media.

Overall, based on my research I believe that I can conclude that trickle-down economics does not reduce inequality and hence disprove the hypothesis. Instead, I believe the statement that "Trickle Down Economics requires inequality in its practise therefore does not reduce it" is a more accurate conclusion to be drawn from my research. As, the whole concept of trickle-down is based around inequality being accepted in society, which is a view which many sociological perspectives would question due to the way in which greater inequality results in greater social problems and therefore worsened wellbeing for so many.

*Word Count: 916*

### **Review of Research Methods**

#### *Primary:*

My zoom interview with Professor Richard Wilkinson was my most reliable source of information for I could hear first-hand his professional experiences in the field of epidemiology meaning I could understand his views and opinions on the subject to a greater extent than I could by simply just reading his published work. Moreover, advantages of this research method includes that I could ask follow-up questions on the topics he raised and responses he gave to my questions therefore resulting in me having a more rounded understanding of his perspective on the issue. Furthermore, I was able to ask the respondent whether they were comfortable with the interview being recorded, and their

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<sup>38</sup> UN, Gross National Happiness Index, Last Accessed (20/04/22) Retrieved from <https://sustainabledevelopment.un.org/index.php?page=view&type=99&nr=266&menu=1449>

responses being used in my research- which allowed for ethics to be respected in my research.

Whilst I was able to use many aspects of the interview as a part of my research, not everything we spoke about directly related to my topic and some questions led onto other interesting topics, even though not fully related to my dissertation hence meaning focus was somewhat lost. However, I understand that greater interview planning could have prevented this.

Furthermore, another primary source of information I used was getting in touch with Dr David Hope, a lecturer at the London School of Economics, via email, in order to understand his paper on trickle down economics to a greater extent as well as ask questions which relate more closely to my research which was not covered in his paper. This was a greater research method than simply just reading his paper however this could have been improved if I had been able to set up a video call with him so that I could ask more follow-up questions.

*Secondary:*

Using official statistics such as the ONS, OECD Data and The World Inequality Database was beneficial to my research as I could quickly find information regarding measurable levels of inequality, unemployment etc to include in my research and draw conclusions from when compared with the primary research I gathered through interviews as well as other secondary research from research papers. Whilst on its own official statistics are somewhat unreliable as the sample size, and research method cannot always be clarified, the ONS is used by the government therefore we can see how this should be a more reliable and therefore acceptable research method to include.

Alongside official statistics, I used academic research papers such as Dr Hope and Limberg's paper 'The Economic Consequences of Major Tax cuts on the Rich' to get a greater understanding of the concept and research behind trickle down economics which already existed so that I could draw my own conclusions on the topic. Moreover, using academic papers I could understand that they should be reliable as they have been produced by experts in the field with a lot of high-quality research going into them, yet I must be aware that such papers can often contain bias, which is something I looked out for.

Finally, I was lucky enough to gain access to other researchers' data as Professor Richard Wilkinson gave me access to his PowerPoint slides which he uses when presenting and lecturing. This gave me access to graphics and data from his own research papers as well as other researchers compressed into one slideshow. So, whilst this can contain flaws as I must question what hasn't been included, the majority of the sources will be reliable as they have been approved and used by an expert in the field of inequality and epidemiology. This meant that my research was less time consuming as I did not have to go through several researchers' papers in order to gather graphics for my own research.

**Word Count: 614**

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### **Appendices**

#### **Appendix 1:**

Interview with Professor Richard Wilkinson:

1. What are your opinions on the theory of trickle-down economics? And why do you think it has managed to gain such political and cultural power?
2. For it to be an effective method, how big would the trickle have to be? And would it be 'enough' for companies to pay fairer taxes?
3. Any thoughts on how this links in with the concept of social mobility?
4. Does trickle down economics take place in more equal countries in the world?
5. How did you choose the measures of social problems?
6. How do the factors of gender and race feature in your findings?
7. Was there anything you thought about including but chose not to - and why?
8. Were there any international comparators that confounded the general pattern - and why might that have been? (*linking in with my worldwide comparison bit*)
9. Would a Scandinavian approach to welfare be possible in the UK in 2021? Have we lost the community culture necessary for a welfare state?
10. How do you think the situation has changed since 2008?

#### **Appendix 2:**

Interview with Dr David Hope:

**What are your opinions on the theory of trickle-down economics? And why do you think it has managed to gain such political and cultural power?**

I don't see trickle-down economics as a fully fleshed out economic theory, I see it as more of a political-economic idea that has been very persistent since the 1980s, especially in the United States, but also elsewhere in the world. For elites on the right, it is not too difficult to see why they might support cutting taxes on the rich, as it personally benefits them, as well as fitting with their ideological predispositions for small government and low taxes. Their support also ties into the rise of supply-side economics in the 1980s. I find it more puzzling as to why ordinary citizens would

support such a policy, given that mounting evidence has shown that they do not benefit from tax cuts for the rich (including my own work). In the US, I feel support for trickle-down policies is extremely polarised along partisan lines, with rank-and-file Republicans generally much more supportive of these ideas. It has somehow become tied into their identity as Republicans. Some of my recent research has tried to explore why ordinary Americans support tax cuts for the rich using survey experiments. In this work we find trickle-down beliefs are very sticky and are hard to alter through the provision of factual information. This is a start, but there is certainly more work needed on how this influential idea has been so persistent.

For it to be an effective method, how big would the trickle have to be? And would it be 'enough' for companies to pay fairer taxes?

This is a tricky question to answer. The general idea is that tax cuts for the rich trickle-down if they lead to overall expansions in investment and hence economic performance. Proponents often argue that these tax cuts would pay for themselves as the boost in economic performance would raise enough additional revenue for the government to offset the lost revenue from the tax cuts.

However, there is very little evidence for this type of offsetting effect for recent tax cuts for the rich in the advanced economies, which have significantly worsened the public finances (e.g. Trump's 2017 tax cuts).

On the second part of your question, I'm not sure how this relates to trickle-down, as companies paying greater taxes would be a shift away from trickle-down policies wouldn't it? (Maybe I am misunderstanding the question; if so, I apologise.)

Any thoughts on how this links in with the concept of social mobility?

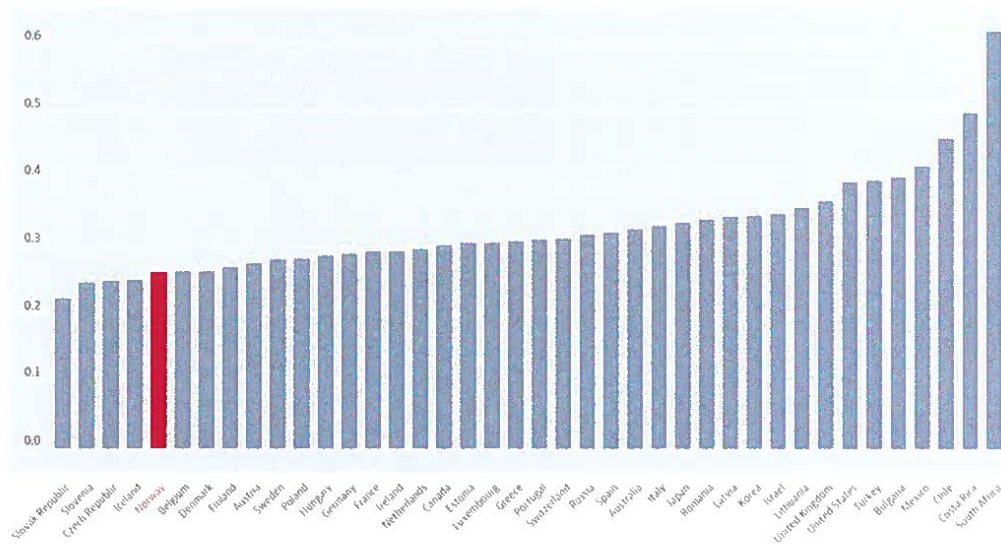
Our research on the economic consequences of major tax cuts for the rich shows that this policy raises income inequality. There is also plenty of research showing that more unequal countries tend to have lower social mobility. This is known as the Great Gatsby Curve. Countries that cut taxes on the rich dramatically in the 1980s, such as the UK and the US, cluster in the top right hand corner of this figure, with high income inequality and low social mobility.

Does trickle-down economics take place in more equal countries in the world?

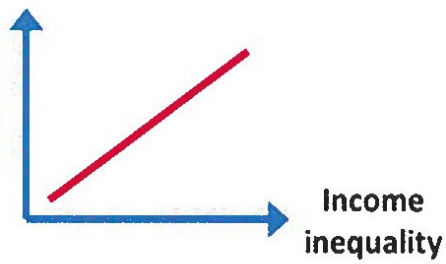
Our research on the economic consequences of major tax cuts for the rich shows that they raise income inequality, but do not boost economic performance (as would be suggested by trickle-down economic ideas). This work covers a broad range of OECD countries, including countries that are much more equal than the UK and the US, such as the Nordic countries. Hence, I do not see (the lack of) trickle-down effects being dependent on the initial level of inequality in the country.

**Appendix 3:**

Professor Richard Wilkinson's Presentation Slides:



**Problems**



### Health and social problems are worse in more unequal countries

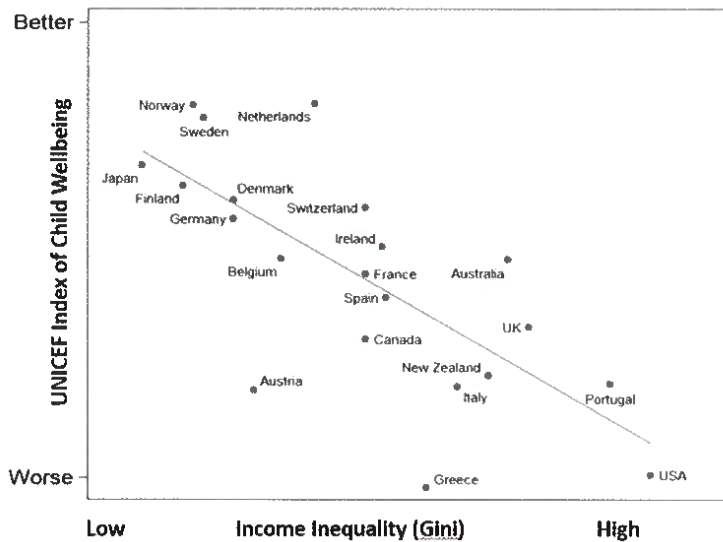
- Index of:**
- Life expectancy
  - Math & Literacy
  - Infant mortality
  - Homicides
  - Imprisonment
  - Teenage births
  - Trust
  - Obesity
  - Mental illness – incl. drug & alcohol addiction
  - Social mobility



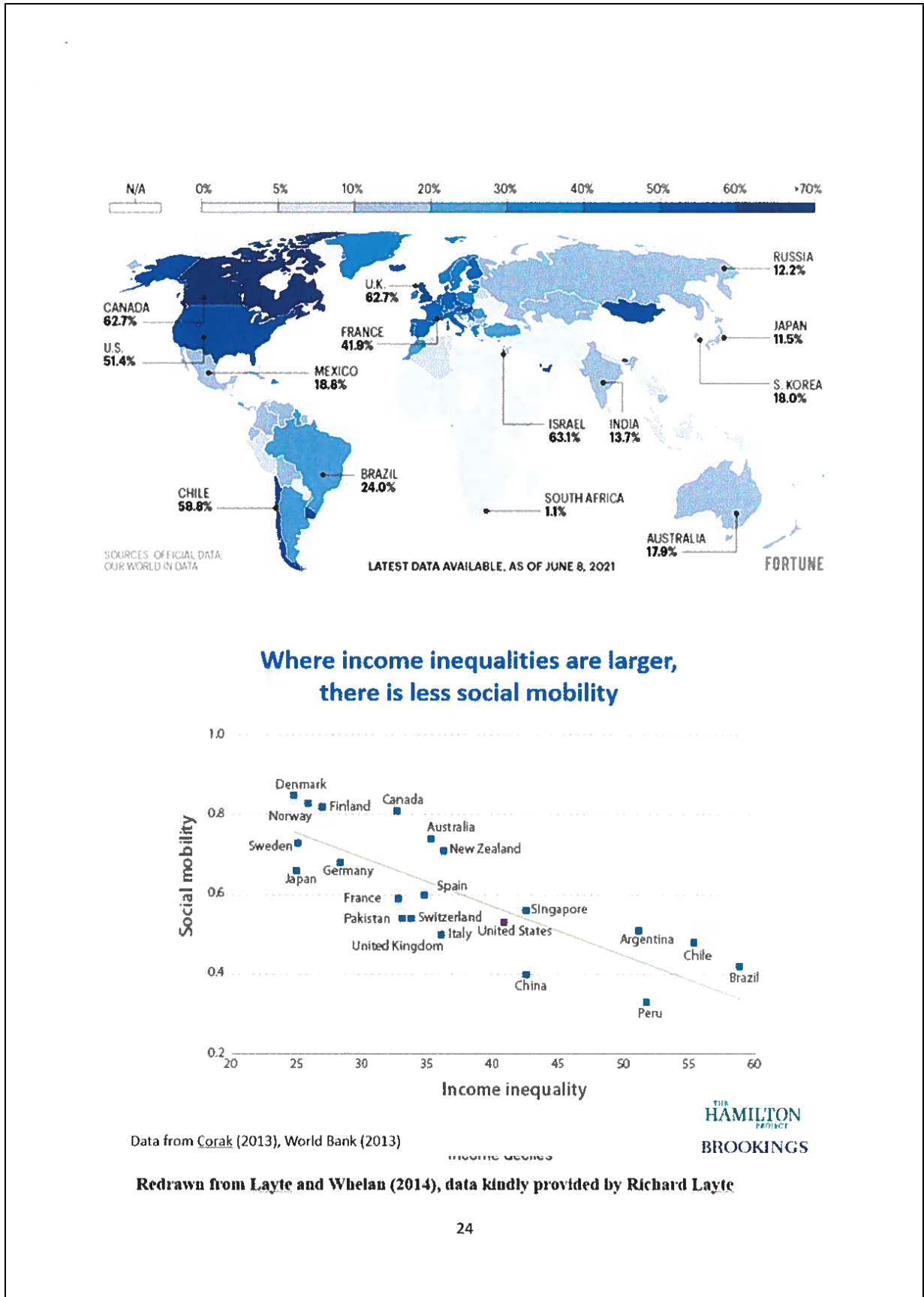
Wilkinson & Pickett, *The Spirit Level*

www.equalitytrust.org.uk

### Child Wellbeing is lower in more unequal countries



Pickett & Wilkinson, *Pediatrics* 2015; 135 (1): S39-S47



## Income inequality

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

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