

Book Reviews

The Spirit Level: why more equal societies almost always do better

Richard Wilkinson and Kate Pickett

Published by Harmondsworth: Penguin, 2009

ISBN 978-1-846-14039-6

Reviewed by Molly Scott Cato

The Spirit Level is a *magnum opus*, a wide-ranging, authoritative and committed exploration of the effect of inequality on human societies. Readers of this journal will be cheered to learn that the conclusion reached is that an economy with a high degree of employee ownership would be most conducive to a healthy and thriving human society.

Richard Wilkinson and Kate Pickett have both devoted their lives to proving through epidemiological studies the pernicious effects of wide income differentials on health inequalities and this book represents an accessible summary of the dozens of statistical analyses they have published in leading peer-review journals over many years. The assembled data cuts through the distracting undergrowth of market dogma and pusillanimous policy-making. This clinical process reveals a simple and ineluctable truth: inequality is bad for society and bad for the planet. It is associated with social ills ranging from teenage pregnancy and obesity to mental illness and drug addiction.

For readers who are themselves engaged in campaigning for more equal societies the powerful range of statistical results will provide useful support. I cannot hope to summarise it in a brief review but will focus instead on three lines of argument that I found especially compelling: the monkeys, the steady state and the argument from self-interest.

Our poor simian cousins have served as research subjects in most of the medical and social sciences. Here they play the part of aspirational citizens in a cunning experiment conducted on macaques in North Carolina. They were separated into groups to observe their attempts to establish hierarchies; they

were also given access to free supplies of cocaine and taught to self-administer it. Scans of the monkeys' brains indicated that those who had been subordinated in the group hierarchy took more cocaine, in effect 'medicating themselves against the impact of their low social status' (p72).

Chapter 15 is an exploration of the relationship between equality and sustainability. While greens will habitually argue for a limit to economic growth and the need to respect planetary limits, many have not grasped that this inherently requires a more equal society. Here is the link made explicit:

'Henry Wallich, a former governor of the Federal Reserve and professor of economics at Yale, said:

Growth is a substitute for equality of income. So long as there is growth there is hope, and that makes large income differentials tolerable.

But this relation holds both ways round. It is not simply that growth is a substitute for equality, it is that greater equality makes growth much less necessary. It is a precondition for a steady-state economy. (pp221-2).

Arguments from self-interest are probably unnecessary for readers of this journal, but the findings offered by Wilkinson and Pickett about the universally negative impact on life-expectancy of inequality are some of the most persuasive and powerful for a general readership. Chapter 13, called 'Dysfunctional Societies', summarises findings from a range of differently structured societies at different development paths and with contrasting cultures. The evidence from all is clear:

inequality is bad for your health not only if you are poor but for everybody who lives in an unequal society.

So much for the diagnosis; what of the prescription? Again co-operators will feel encouraged by the conclusions reached by the authors. Their policy proposals for a happy and equal society chime with our own. Trade union membership was found to be the 'most important single factor' explaining increasing trends in inequality in Australia, Canada, Germany, Japan, Sweden, the US and USA. While union power has been curtailed that of corporations has vastly expanded, being the major driving-force of increasing wage differentials. Mutual ownership is proposed as a counterweight, as are employee-owned businesses, not only because of the more equal pay distributions they enjoy but also because of the positive health benefits of greater autonomy in work.

Overall, co-operatives are offered as a key to solving the problem of inequality:

As a way of creating a more egalitarian society, employee-ownership and control have many advantages. First, it enables a

process of social emancipation as people become members of a team. Second, it puts the scale of earning differentials ultimately under democratic control: if the body of employees want big income differential they could choose to keep them. Third, it involves a very substantial redistribution of wealth from external shareholders to employees and a simultaneous redistribution of income from that wealth ... The real reward, however, is not simply to have a few employee-owned companies in a society still dominated by a hierarchical ideology and status-seeking, but to have a society of people freer of those divisions. (p253).

In conclusion, it is important to stress that Wilkinson and Pickett are epidemiologists — this is a book about health, not politics or economics. And yet what the authors discover at the end of their exhaustive analysis of medical research is that the answer to being well lies in rediscovering common wealth. For those of us working in co-operatives and to support the co-operative movement this book therefore constitutes a powerful affirmation of our endeavour.

Green Economics: an introduction to theory, policy and practice

By Molly Scott Cato

Published by Earthscan, 2009

ISBN 978-1-84407-571-3 paperback and 978-1-84407-570-6 hardback

Reviewed by Len Arthur, Cardiff Institute for Research into Co-operatives

First a declaration of interest – Molly is a colleague of mine at the CIRC and although I come from a Marxist tradition we generally see eye to eye, but we also differ and have useful discourses. This review continues in that tradition and will invite others to join in. First, the book is a wonderful enthusiastic exploration about what can be done; reading the book is like having a very pleasant warm shower of optimism. As someone who has spent years immersed in the detail of left criticism of capitalism that always seems concerned that we ignore what the future could look like, the book is confident manna from heaven. Second, inevitably, it is necessary to have some reservations and these should provide the basis of an ongoing debate.

As it says on the tin, the book is an introduction to green economics a field that is just emerging and this is the first guide. Molly's approach, as she admits herself, is eclectic – 'a scrapbook', drawing together ideas and information from a huge range of sources, many of them outside of and in contention with, orthodox economics and the market. However, there is unity in diversity, as the book is held together by a deep concern to save the environment of the Earth for all life, including that of us humans.

The first chapter provides the intellectual setting with definitions and key tasks. The next two chapters take a theoretical approach drawing upon a range of intellectual traditions old and new, including spiritual dimensions and a trenchant criticism of what is generally understood as economics. Three chapters cover a vision of the future providing an outline of what work, money and business could look like if the concern is to sustain the planet. This is followed by six chapters that outline possible policies for a Green Economy which include a criticism of measuring using GDP; how large corporations are the real

beneficiaries of the global market and how alternatives can be put into practice; an evaluation of the localisation practices; how green taxation can help; and how Green Economics view and would treat welfare and landownership. The final chapter is an extremely useful summary and very comprehensive list of sources to help the reader make up their own minds.

Co-operatives and in particular local and membership ownership and control feature as a range of alternative scenarios in relation to work, business organisation, relocation of economic relationships, welfare provision and land ownership.

The book is aimed at stimulating debate and there are a number of issues that seem to require further debate. Marx is not given a good or accurate press and many of the concerns in the book could be taken forward by a consideration of some of the recent left analysis of the current financial crisis. Localism features very strongly as what could be described as a 'transitional' action aimed at making change now and challenge the context. However, many of the examples given fit the smaller town in a rural environment as opposed to the densely populated urban one that is the experience of most of the population.

Although welfare and wealth redistribution is covered there is, in part, an assumption that the alternatives require the ability to actively participate which through age, infirmity or other reason this may not always be the case. There are scale and power issues that need to be explored further – you can see some of the local initiatives working now but how is the political balance of forces to be addressed in relation to international agreements, land tax and citizen incomes? Finally, as is the case within the co-operative movement, there is a need to further explore how to work with the existing welfare state and national and local

government provision that would share many of the values and objectives stated in the book.

As you can see the book has achieved its purpose and stimulated many thoughts and it will do the same for you. It is an important

contribution to green analysis and Molly is to be congratulated for confidently and boldly going where many other fear to tread in respect of suggesting in some detail how society needs to change.

An Inclusive Community With Integrity

By Baron Thomas of Macclesfield, CBE

Published by The Memoir Club, Durham, 2008

ISBN 978-1-84104-076-9

Reviewed by Dr Peter Davis, Unit for Membership Based Organisations, Leicester University School of Management

Terry Thomas starts the account of his life in a disarmingly homely matter-of-fact style concerning his early upbringing, including a grammar school education supplemented by Jesuit Saturday Schools and followed by national service. Terry shows himself to be a reflective thinker – a claim he makes of himself – but throughout the book there is ample confirmation by the way he not only draws on the experiences of his life but discusses what he learnt from them.

From his school days Terry had discovered Robert Owen and had been impressed by the man his vision and achievements. Terry had a lot in common with his hero and inspiration. Both men of course are Welshmen; both received their social education not by a formal route via higher education in the social sciences but via practical experience of working their way up in the world of business and commerce.

Both Owen and Thomas were visionaries who looked to improve the here and now in practical terms through the practice of their business skills. Both men, though in very different political contexts, were concerned with the issue of employment rights and conditions. Both were also concerned for the conditions of inequality and poverty which in Terry Thomas' time had come to take on a global perspective that was perhaps still rather obscured in Owen's time by the novelty and specificity of the industrial revolution of the early nineteenth century.

Certainly both Owen and Thomas saw the potential importance of nature for the enrichment of the human condition. By Terry Thomas's time the negative global environmental consequences of the industrial revolution had become clear.

It is a tribute to both the universality of Owen's principles and the courage of Thomas's discipleship and application that despite a century and half between them in

totally different business contexts, using completely different technologies, Terry Thomas could make sense of the Robert Owen's teaching. Not only make sense of it, but do so in a way that turned around a failing business in a context of demoralisation and cynicism that characterised the UK co-operative movement at that time.

With the establishment of the Co-operative Bank brand Terry Thomas created the first national popular and successful co-operative brand to emerge in Britain since the end of the war. While others were discarding the co-operative brand label Thomas embraced it and most important of all applied it.

In the first ten chapters we get the background that led to Terry finally assuming the mantle of the CEO of the Bank. In his formative years in the private banking sector Terry first noted the unequal treatment women received in banking. This was something he later worked hard to redress as the CEO of the Co-operative Bank. These early chapters reveal the formation of a man who grew up clearly proud of his Welsh heritage but in the context of his times exhibiting a reticence concerning his Catholic background as he sought to fit in with the largely protestant community in which he grew up.

These early chapters also reveal a man with considerable personal ambition, a desire to please and a strong work ethic. These characteristics would surely have ensured Terry a lucrative and successful career in private-sector banking. The impact of his schoolboy introduction to Robert Owen, however, had clearly stayed with him and thus he turned his back on private sector banking, opting for a rather less certain range of opportunities at the tiny fledgling Co-operative Bank. It also displayed his astute awareness that smaller organisations are easier to change and easier to get to the top of than a larger ones.

The memoir traces the many product and systemic innovations that Terry introduced during his career at the Co-operative Bank. However, this is not simply an autobiography of an exceptional and outstandingly successful co-operative manager. It is destined to be a rich source book for future historians of the co-operative movement. Terry Thomas reflects openly on the British co-operative movement's failures, incompetence and corruption with a candour not found in the more celebratory airbrushed official histories.

This aspect of his autobiography is particularly to the fore in chapters 6 and 18, where the movement's poor economic performance and shady insider dealings are discussed. There are also fascinating details about the internal culture of the British co-operative movement of the day. I commend chapters five to as valuable source material for the historian of the British co-operative movement interested during this period of decline. Terry, nevertheless, remains silent over the fate of the CRS (renamed the Co-operative by its last CEO). Perhaps the latter's pioneering adoption of the label Co-operative and its pioneering social auditing ahead of the Bank's, admittedly much better version, was such a massive failure that consciously or unconsciously Terry did not want to associate with it.

Terry Thomas has made a major contribution to the development of management theory in this autobiography, the title of which is as good a summing up of co-operative principles and purpose as I can think of. His creative development of the partnership approach — a version of stakeholder management — provided the

basis for identification of a wide range of measures of economic and social value added that the bank provided to each its key stakeholders. The inclusive partnership approach is also an innovative relationship management programme, the details of which are covered in chapters nine onwards.

In 1995 Terry Thomas endorsed my paper criticising the ICA Identity Statement for its lack of a principle on co-operative management. He gave me my first international platform to present my ideas on co-operative management at his final AGM as chairman of the International Co-operative Bankers Association. He was a much loved and widely respected figure in the international co-operative banking community. This was clear to me from the many tributes he received. Terry devotes chapter 16 — 'Banking Around the World' to his experiences with the international movement.

Terry spends a lot of time praising Paul Monaghan in chapters thirteen and fourteen and his role in developing the natural step approach which formed the framework of the Bank's environmental policies. However he is less than forthcoming concerning Simon Williams's important contribution to the development of the ethical consumer strategy. Simon, in my judgement at least, deserved more than a brief and rather patronising first name one-liner mention in Terry's account of the development of the Bank's marketing strategies. There are some minor logical and editorial flaws in the book, which may be explained by the author's incapacity in later life, but these do not detract from the overall value of the book, which deserves a wide audience.