

## Discussion on The Spirit Level by Richard Wilkinson and Kate Pickett

Venue: Asper School of Business, University of Manitoba, Winnipeg

Date: Oct 19<sup>th</sup> 3:00pm to 4:30pm.

Reg called the meeting to order and the discussion began with Hari explaining that he suggested The Spirit Level (SL) for discussion because the work of Wilkinson and Pickett summarily clarified to him the effect of economic inequality on society, an issue he has been trying to understand. To move the discussion forward, Hari suggested that the discussion focus around (i) what each participant found interesting in SL, and (ii) how can the insights from SL be incorporated into business research and teaching, specifically to understand the relationship between economic inequality and business.

### What did you find interesting in SL?

- This book underlines the problems with income inequality, taking further the work presented in “The Winner-Take-All Society: Why the Few at the Top Get So Much More Than the Rest of Us” by Robert Frank and Philip Cook. **- Reg**
- This book shows that inequality is not simply an economic problem, but a much larger problem encompassing societal health and wellbeing. Earlier on, reading “The Other America” by Michael Harrington I thought creating equal opportunity would help, but it did not seem to work. **- Howard**
- In the past, I thought all social ills associated with poverty afflicted only the poor and poverty was a problem of the poor. After reading this book, I realized that these are problems of inequality and more importantly, they not only affect the poor but all of us. If we all recognize this problem as ours, everyone’s, instead of the problem of the poor, then we can take ownership of it and do something about it. **- Ganga**
- We spend a lot of money to help the homeless and combat social ills, but SL shows that we might save money in the long-term simply by increasing equality. **- Brock**
- SL provides an elegant and compelling argument. If we examine the meaning and role of money historically, we see that as far back as Aristotle there were two ways of using money: (1) to facilitate the trade of goods and services, and (2) to make more money. Aristotle called the former “natural chrematistics,” and saw it as a welcome improvement over barter. He called the latter “unnatural chrematistics” and argued against it, recognizing that it undermined the more holistic nature of his larger idea “oikonomia.” Although our modern word economics comes from oikonomia, we have long since lost its original community-oriented notion, and today economics is synonymous with money and making more of it. Ironically, the relatively straightforward view that money is the solution to issues of poverty is not shared by the poor people themselves. A study of 20,000 poor people in 40 countries showed that for them poverty was not primarily a question of increased

financial wellbeing, but rather more a question of having voice over issues affecting their communities and everyday lives.

– **Bruno**

- Inequality undermines the very purpose of prosperity, i.e., to better the society. Inequality is resulting in the creation of superrich who hoard wealth offshore and are a law unto themselves. These tendencies are not good for the long term health of the society.  
– **Rakesh**
- It is fascinating to see how the authors take a structural condition (inequality) and relate it to a number of outcomes in a creative way, by underlining possible social and psychological mechanisms. In the process, they dispel the myth that inequality is a desired condition, a lubricant of capitalism that accords primacy to merit, with their evidence on inequality hindering social mobility. After you read SL, you don't even have to be an altruist to care about inequality.  
– **Lukas**

### Do you have any doubts or questions about SL's claims?

- The authors include a number of countries that differ vastly in their cultures on Hofstede's dimensions. They also differ in their ideologies within capitalism, i.e., the extent to which personal wealth can be amassed. The results would be more robust if they accounted for such differences.  
– **Paul**
  - As the results hold across cultures and different types of capitalism, perhaps they are quite robust  
– **Hari**
- It would be interesting to see if the results hold when developing countries are included in the analysis.  
– **Nathan**
  - At the moment, data availability related to developing countries is a major obstacle to include them.  
– **Hari**
- The causal mechanisms between inequality and societal outcomes are not convincing. Equality could drive down aspiration and thus motivation to improve and grow.  
– **Daniella**
- We need to be clear about whether we are looking at inequality or inequity. Our society has always been unequal; inequality cannot be avoided. However, inequity is more problematic. And, the relationship between inequality and performance might not be linear. Our research shows that it is curvilinear.  
– **Victor**
- Social security in developed countries can decrease aspiration, which means people would not work. How to motivate people to work and improve their lives if there is more equality?  
– **Ellen**
- Perhaps this book presents a utopia; Systems and ideologies bring grief to human beings – we are hierarchy seeking and thus inequality might be inevitable.  
– **Paul**
  - Maybe there is an ideal type of hierarchy or status system that is rational enough to increase aspiration, but does not damage society and organizations.  
– **Lukas**

## How to bring SL's ideas and research into the classroom?

- We need to ask “to what extent are B-schools responsible for this.” Perhaps we teach competition, but not cooperation. And, what do we celebrate as success? – **Reg**
  - By highlighting successful businesspersons who amassed wealth, are we subtly communicating certain preferences and values to students? – **Howard**
  - We tout GE as a success story, but the book “At Any Cost” by O’Boyle shows the dangerous side of Jack Welch’s leadership. – **Reg**
  - Perhaps we teach too much of how, and not enough why. – **Paul**
  - When we ask what students want, money is not the top answer. – **Reg**
  - Students might not be ready to question; they are in the classroom to learn techniques that get them jobs. I ask at the beginning of the term “How many of you are rebels?” and very few raise their hands. If I ask the same at the end of the term, about 1/3<sup>rd</sup> raise their hands. – **Brock**
- We can show the effect of inequality in the classroom through small exercises. For example, systematically give more time to one person and not to another and ask them to share what they feel like. – **Reg**
  - I was in South Africa at a show, where I picked a black coin and went the way blacks went in the past. I was huddled in and did not have a place to sit. Those who picked the white coin were well received, given a flower, and chairs to sit on; those are not major things. But, at the end of the tour, I felt quite deprived and depressed. – **Ganga**
- We can work with non-profits and other agencies to create social enterprises that tackle social ills. For example, a group of Asper students are working with Resource Assistance for Youth (RaY) to create an enterprise that collects garbage from back lanes, which is a health and fire hazard. – **Reg**
- We can discuss how inequality affects topics we teach, for example, entrepreneurship. – **Nathan**
  - Why would you want to be an entrepreneur if large corporations are going to set up the structure? These are good questions to delve into in research and teaching. – **Lukas**
- We need to offer frameworks other than the traditional ones. For example, I offer multi-stream management as an alternative conceptual framework in my course. It helps people to think differently about management. – **Bruno**
- We need to create a place where we respectfully question the sacred cows that we have been teaching, and also lead the way in asking the seemingly uncomfortable questions like: is shareholder wealth maximization the best goal for a firm? – **Reg**

### **In closing**

- Let us continue and build on our activities to delve into the relationship business and economic inequality. **- Hari**
- We could record some of these discussions and post on UM media server so that others can also gain access. **- Howard**

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### **Participants**

- Reg Litz – Coordinator of Asper Book Club Series
- Ganga Dakshinamurti
- Howard Harmatz
- Lukas Neville
- Daniella Penner
- Ellen Shi
- Victor Cui
- Nathan Greidanus
- Brock Cordes
- Rakesh Mittoo
- Bruno Dyck
- Paul Earl
- Hari Bapuji – Discussion Facilitator for *The Spirit Level*