Indicators of social problems: the spirit level, the society destroyed and healthcare role

Fabrizio Pezzani
Bocconi University, Italy

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Abstract
We are facing an anthropological crisis, not economic. The debate on economics and its methods of study cannot be divorced from a correct reading of history that in the long term tends to repeat itself, as G.B. Vico had envisioned; the nature of man never changes, constantly oscillating between Cain and Abel, and it would seem that only pain leads man to wisdom. The single technical-rational thought makes us see the future as the only guarantee of success and we therefore cannot understand the correlations between causes and effects in our history. We act as if the past had been erased and as if history had never manifested similar situations to those in which we find ourselves today.

The toxic consequences of this model are socio-cultural inequality, poverty, moral degradation, a raging and permanent conflict, lack of imagination and creativity. Is all this due to an incorrect adjustment of the markets (economic crisis) or to the end of a socio-cultural model incapable of responding to the problems of man as a person not as an object (anthropological crisis)? “Once profit becomes the exclusive goal, if it is produced by improper means and without the common good as its ultimate end, it risks destroying wealth and creating poverty” (Caritas in veritate, chapter II, 21). The system taken to extremes created a concentration of financial wealth that is unparalleled in history with a sort of hegemonic senate that is superordinate to individual states. We have to return to the man and to a Welfare system in which healthcare is fundamental because in this way we can understand the solidarity and we can build a real “societas” – this world in old Latin means “alliance” – and this is a foundation of our happiness.

The solution to our problems is not to be found in mechanistic rules outside of society but in the manner and socio-cultural policies aimed at reorienting the value systems of social life to try to rebuild the by-now forgotten reciprocal sense of solidarity; a society can only move forwards if it is based on familism principles and not on a war of everyone against everyone. Economics, if taken as a moral value, has betrayed its original role as a mechanism to respond to human needs, but has become an end in itself and an instrument of cultural domination that has led society to face the dilemma of its becoming. The idea of justice represented by a society of equals has been overridden by a society of unequals and the time has come to think of our time and redesign it; this is the real and absolute challenge we are facing.

"E pluribus unum" (?): the equality forgotten.

Those arriving in the United States through New York will be welcomed by the Statue of Liberty, a symbol of the values of independence and equality. The first immigrants came from countries where conditions for a decent life didn’t exist and had faced long sea voyages, arriving in this new country without even a minimum knowledge of the language. A country that held the promise of a life in which everyone had the same opportunities, as represented by the Statue of Liberty with the torch of hope in her outstretched hand. The statue was donated by France and one of its designers was Gustave Eiffel, the famous engineer and designer of the tower named after him in Paris. The first foundation stone was laid on 5 August 1884 and engraved on a bronze plaque mounted inside the lower level of the pedestal was a sonnet entitled The New Colossus written by American poetess Emma Lazarus for the purpose of raising funds for the statue’s construction.
'Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore,
Send these, the homeless, tempest-tossed to me,
I lift my lamp beside the golden door!'

The migratory flow was abruptly interrupted after World War I when the United States realized that immigration could be dangerous because of remittances immigrants were making to their countries of origin. Two restrictive laws were passed in 1921 and 1924 and immigration fell drastically: Italian immigrants numbered almost 300,000 in 1914 and were about 4,000 in 1924.

Today the torch of universal values appears to have a rather uncertain flame and is unable to light the way for travellers in this age.

The evolution of the American cultural model clearly shows the correlation between social cohesion and economic health over the past century and up to the present day. Over time American society has swung back and forth between democracy and oligarchy – currently this latter form has got the upper hand. This has led to a society that, as Krugman says, has lost the ability to function as a democracy and is increasingly an expression of extreme social hardship, with the danger that the entire system will no longer be able to hold up.

Having said this, the philosophy underlying this economic and financial culture is an indisputable truth because what rules is the principle that it is the necessary and sufficient condition for a good society. So society becomes a dependent variable. In essence all that needs to be done is to adjust the economic-financial mechanisms in order to resolve problems caused by the crisis, with the result that social hardships will automatically disappear. However, this can only happen if one accepts the hypothesis that human nature has no effect on people’s decisions. But then this brings us back to the basic error and so the problem thrown out of the door comes back in through the window and without beating around the bush presents the bill. Today America’s social system makes the problem patently obvious – it can no longer be ignored. As the United States clearly shows, society is the foundation of the economy and that the features of its social crisis are inequality, unemployment, poverty and the consequent non-role assigned to the government. We will now try to review these points and then the indicators of social hardship – the spirit level.

**Inequality in income redistribution : social and healthcare problems .The society collapses**

This issue, already exhaustively covered in the preceding pages, is the consequence of the consolidated idea that the market – the magic of the market as Reagan defined it – is the cure for all ills. In the market our energy and creative spirit are free to express themselves – the laissez-faire theory expounded by French physiocrats – and leads to an optimum allocation of resources, because markets never make mistakes. Pursuing this policy has encouraged expectations of maximizing personal profit by systematically lowering taxation and continually restricting the government’s role in the social system. The result has been a growing concentration of wealth as we can see:
La Competizione Collaborativa highlighted the process under way and the attendant risks: “The enormous growth of private capital and aim to continuously maximize it is moving further and further away from an allocation of wealth that recognizes the contribution other classes make to its formation. Their participation becomes increasingly instrumental with respect to the former [richest] class while satisfying the needs of others becomes more and more marginal. The superfluous wealth created for the richest class means the wealth of other classes is progressively eroded and so reduces their contribution to the sustainability of consumption, which ends up ruining everyone. This is the nemesis of human egoism and greed. If this is combined with a progressive concentration, the growth of wealth ends up having a negative utility for society and the economy itself, and the process becomes self-destructive: “the exclusive goal of profit, if it is badly produced and lacking the common good as its ultimate end, risks destroying wealth and creating poverty” (Pope Benedict XVI, Caritas in veritate, Chapter II, 21 quoted in La Competizione Collaborativa, Fabrizio Pezzani, 2011).

The concentration of wealth is fuelled by a progressive reduction in the highest tax band rate, so as wealth – the GDP – increases, taxation on the highest incomes falls and so favours a concentration of wealth in the hands of an ever-decreasing number of people, as can be seen in the following chart.
All the positive curves of the "golden age" have an inflection and deteriorated between 1971 and 1974 as a result of Nixon's decision; from the "gold exchange standard" we would go to the "petrodollar exchange standard" and to a system of flexible exchange rates. The separation of paper money from the real finite created two incompatible systems: the infinite and non-measurable of currency that would be totally deregulated, and the finite and measurable of the real world that became fictitiously subordinate to the former. Everything changes and the neoliberal model taken as an end justifies unlimited personal accumulation and the legitimisation of human aggression. Everything becomes finance and pure speculation in virtue of a paper currency that, detached from finite bonds and the real world, becomes infinite and would turn into "macro-usury" capable of keeping companies and entire countries in check. Infinite finance without constraints can be studied with exact mathematical models generating the false idea that financial markets are rational and never err in the allocation of wealth. The study of finance-economics severs the ties with the humanistic sciences, becoming a pure arithmetic calculation far from reality but assumed as incontrovertible truth thanks to the many Nobel prizes assigned to economics, unfounded but serving higher interests.

The drama of uncontrolled finance, as we see in following graphs:
This increase in wealth accompanied by its progressive concentration results in a negative utility because it subtracts necessary resources from the middle class, which uses them to sustain the system, and transfers resources to those who use them for superfluous needs.

Unemployment

Failure to redistribute wealth also has an effect on employment levels. This is particularly significant in the USA as regards the decrease in manufacturing sector employment, which has been sacrificed on the altar of “financialization” of the real economy as explained in detail previously.

The figures for this change are simply amazing. Manufacturing, which was always the core sector of the American economy, now accounts for less than 14% of the employed. This drop in jobs has been generated by externalization policies to “create value for shareholders” (only for very few of them, however). The difference between the American doctrine of business management and the Italian discipline of business administration is evident from criteria defining a company’s mission. In the Italian sense the mission must refer to all stakeholders in the company, that is, those providing capital and those contributing labour. This also serves to explain the different attention paid to social systems and subsidiarity, which are a mark of Italian and other European enterprises.

Employment in the US manufacturing sector rose to 19.4 million jobs in 1979 but by 2009 had fallen to almost 12 million. But even more significant is the trend seen during the finance era, because the real collapse was seen in the decade leading up to 2009, when the total workforce dropped by 31%, a loss of over 5 million jobs. The financial crisis had an extremely negative impact on the manufacturing sector, with a loss of over two million jobs between the end of 2007 and 2009. The impact of delocalization policies has created jobs in other economies, in fact about 17% – one out of six of the lost jobs – was caused by this. Employment in the agricultural sector today stands at around 2% of the country’s total workforce compared to 40% at the beginning of the last century. This decrease is in line with a process of industrial conversion. At global level the manufacturing sector’s percentage contribution to added value between 2000 and 2010 shows a drop in American industry’s contribution in favour of emerging countries, specially China which will became the factory of the world.
Unemployment in a key sector of the economy, agriculture and manufacturing, is always a danger signal because it takes a long time to rebuild and relaunch the real economy. It is no use thinking that delocalized jobs can be brought back because they have been targeted for local manpower with certain characteristics that has specialized in that work, and so economies of scale and experience have been acquired that are difficult to imitate.

On the other hand, given that much of manufacturing production has been transferred abroad, the USA has become dependent on imports. And so when the mass of money injected into the market will tend to devalue, internal prices will rise with the result that real consumption will collapse. But also the standard of living for the majority of Americans, which Reagan and Bush maintained would never be an issue, will decrease drastically and the US will be hit by a very severe financial crisis. Recovery policies in the sector seem to be focused on the green economy – opposed by the very powerful oil lobby – and hi-tech industries. Innovation and advanced technology can make the US manufacturing sector more competitive and less easy to imitate by other economies, which will continue to be left with the less lucrative parts of the production chain. The key issue is, however, the level of professional qualifications required for the possible new jobs and so the heart of the problem is how to up the level of a society that has been left behind or, more correctly, alienated from the system.

The problem of employment is much greater than the official rate of unemployment would indicate. The official figure doesn’t include the underemployed, the rate for this category is about 15% and those who have abandoned all hope of finding a job. The total of the three categories is
almost 25%; however, the greatest concern is the number of young graduates who cannot find a job they are qualified for and so are forced to fall back on low-skill jobs that don’t require a degree. The total debt incurred by these youngsters to obtain their degrees amounts to something like 1.5 billion dollars, but their earnings from low-paid jobs mean they are unable to repay the loans concerned. Social hardship resulting from such a situation, bearing in mind the length of time required to find a solution, must be tackled so as to avoid a significant misalignment in terms of response time with conflicts that may well emerge, otherwise these will end up by presenting the system with the bill. Social hardship has also caused the education sector to come unstuck, which given the new development policies becomes a critical factor for their success. Quality of education and reversing the rate of school drop-outs, which reduces the level of qualified future manpower, becomes a critical issue in states where there is more inequality.

Poverty

Lastly, poverty becomes a natural consequence of the factors indicated above and together make an explosive mix. Data are a really serious concern both as regards the number of people already living in poverty and the trend towards it that shows no sign of slowing down.

A large number of US citizens are poor. In 2010 about 46.2 million Americans lived in poverty – 15.1% of the entire population – and the trend is increasing, considering that those living in poverty rose by 27% in three years whereas in the same period the total population only grew by 3%.
street kid. In the 2007-2008 UN report on poverty, the USA is ranked last among industrialized countries, as already seen in inequality indicators.

The dramatic nature and rapid growth of this social hardship is very damning. It is also in complete contrast with the image of democracy and equality that the country has always tried to give. So it is important that a policy to re-establish values be pursued, not only for the good of the USA but for the entire world.

Unfortunately, given the current trend poverty levels will continue to increase because these are linked to the other trends mentioned above and objective limits affecting any government action, some structural and others posed by a political rival incapable of seeing reality and only concerned with defending its own privileges. The poverty issue touches on an aspect that is not easily measurable, linked to illegal immigration and the number of irregulars who fuel the black market for labour. The sense of poverty increases if society legitimates models of happiness and wellbeing associated with owning goods, often unnecessary items but that are status symbols, so much so that buying them becomes vital. To have changed the scale of needs towards those that are more unnecessary is functional to support a consumer society, however, it creates a painful dependence in those who are unable to satisfy them. It was Xenophon’s Socrates who said that the primary virtue is enkrateia, that is, control and limitation of physical pleasures. Socrates speaks of a correlation between justice and moderation of desires and sustains that this virtue is the necessary condition to have sincere friendships and participate in social life in a constructive manner. In this sense, responding to those who remarked on his poverty he said that wealth and poverty didn’t only depend on the amount of money one has but on the limitation of needs.

Further development of today’s social model will increase the sense of poverty beyond the current level, which is already difficult to tolerate. A model that will become more insensitive towards those who need to be relieved from pain, one that will make a sense of solidarity difficult in similar disaster situations and exacerbate conflicts that will be difficult to heal. The consequences of the US social model not only makes problems worse, it also seriously delays any action to find solutions.

The spirit level

Social hardships grow and this can be seen by the increase in social problems and tensions highlighted by the indicators. An excellent book by Richard Wilkinson and Kate Pickett, The Spirit Level: Why Greater Equality Makes Societies Stronger, highlights how increases in inequality tend to cause social problems to grow and later explode. The indicators serve to better understand empirically theories propounded in this book and in La Competizione Collaborativa. (Fabrizio Pezzani, 2011, Egea, Milan) The first point made in Wilkinson and Pickett’s book is that:

‘Not only have measures of wellbeing and happiness ceased to rise with economic growth but, as affluent societies have grown richer, there have been long-term rises in rates of anxiety, depression and numerous other social problems […] As living standards rise and countries get richer and richer, the relationship between economic growth and life expectancy weakens. […] Sooner or later in the long history of economic growth, countries inevitably reach a level of affluence where “diminishing returns” set in and additional income buys less and less additional health, happiness and wellbeing. […] It is the diseases of poverty which first decline as countries start to get richer. The great infectious diseases […] - disappear, we are left with the so-called diseases of affluence – the degenerative cardiovascular diseases and cancers. While the infectious diseases of poverty are particularly common in childhood and frequently kill even in the prime of life, the diseases of affluence are very largely diseases of later life’. (The Spirit Level: Why Greater Equality Makes Societies Stronger)

The imbalance between economic value and social value, normally referred to as “beyond GDP”, has been a line of research for some time now. French president, Sarkozy set up a committee comprising, among others, Stiglitz, Sen and Fitoussi to investigate this issue. Research that Robert
Kennedy had been the first to call for it in his 1968 election campaign, given that he realized the economic indicator was inadequate to represent the wellbeing of society and, in a more general sense, happiness. But measurement of wellbeing in a broader sense than merely considering economic aspects is no easy matter, because first the concepts of both wellbeing itself and happiness need to be defined. To do so means that the sphere of feelings, affection and love must be taken into account, aspects that are very difficult to define and measure. For instance, can a mother’s love for her child be measured?

Certainly a life that is too dependent on material aspects will sooner or later inevitably provoke a reappraisal of the need for spirituality. Today this need is growing as a response to people’s desire to overcome a sterile lifestyle based on individualism and greed, one that suffocates and annihilates the sense of social life. We will always have to start again from social capital and this can be done once the need has become widespread and interiorized. The inequality increases the sense of exclusion and isolation – remember that Cain was condemned to wander for ever alone. It also diminishes the feeling of mutual trust, the foundation of a united society – social capital cannot be built up without a sense of trust. And without trust there cannot even be hope. Inequality in a cultural model as indicated above increases problems like anxiety, fear, sense of isolation, loss of self-esteem and mistrust. It leads to forms of depression, the breakup of families and abandoning school or alternatively to forms of aggression and angry protest that foment violence and criminality. It generates compensatory reactions such as drug abuse or forms of satisfaction that are expressions of a regression to uncontrolled primary needs such as bulimia and exaggerated sexuality.

Already in his works at the end of the 1930s Sorokin warned of an upward drive in stratification of American society and how this was near to the threshold beyond which an increase in social differences tend to produce an irreversible process of disintegration. In his book Social and Cultural Dynamics Sorokin focused attention on the correlation between these forms of social hardship and the level of inequality as regards income redistribution. The negative effects of inequality must also be attributed to each country’s history, its tradition for solidarity and scale of values, which become antidotes to these problems. Rural communities in Italy have always had a strong sense of solidarity and loathed behaviour contrary to a widely held sense of moral values. And so even when faced with extremely harsh economic conditions the sense of solidarity and respect for moral norms condemned any behaviour detrimental to this status quo. The existence of a strong, mutually agreed social capital acted as a considerable deterrent against social developments that failed to comply with this interior order.

Another element that has contributed to the breakup of American society, which is also becoming a problem in Italy, is linked to the decline of the family’s role in society. The drive towards an individualistic model in search of material happiness has led to a reduction in forms of bonds with others – marriage is an immediate example – but this eventually leads to an isolation that promotes confusion and a difficulty to identify with stable values. Such difficulties mainly affect the more vulnerable, weaker youngsters, who end up without any guidance and rapidly succumb to the negative lessons of street life: in 2011 one in five youngsters were victims of this.

The following charts highlight problems related to the inequality indicated above. Use of illegal drugs increases crime and infant mortality in the USA is much higher than in all European countries:
The trend is somewhat similar to that seen in Italy where infant mortality is greater in areas where inequality is higher. The rate of teenage pregnancy, especially for minors, is a telling expression of a society that has failed to preserve the family bond. Abandoning school and the breakdown of family ties becomes a factor of high social instability that then becomes difficult to contain. In the same way the degree of obesity in young people is a response to frustration with a society that fails to provide guidance, with the result, as mentioned, of a return to primary needs. Other problems that affect the young are states of anxiety, insomnia, various fears and forms of anorexia or drug assumption:

- Chart 2.7 - Rate of teenage pregnancies in relation to family income, from the richest to the poorest families
- Chart 2.8 - The percentage of overweight children is higher in countries with greater inequality
- Chart 2.9 - Murder is more frequent in countries with greater inequality

Source: R. Wilkinson and K. Pickett, 2009
One of the natural consequence of social hardship and subsequent conflicts is violent crime: in the United States the rate is twice as high as the next ranked country.

Crime is also in part determined by the stance taken by police officers, who on many occasions behave violently even when it is absolutely unjustified. Fear acts a strong deterrent when faced with rebellion because the oppressed are always afraid of losing what little they have. Social frustration and a sense of being abandoned induce forms of blind rage and violence that, fuelled by a culture founded on personal justice, leaves the door open for acts of vandalism and mass murder, which tend to become more and more frequent, also thanks to an uncontrolled use of firearms.
Lastly, a really disastrous result is low social mobility, the natural consequence in a society where classes with a higher standard of living have advantages that are effectively denied to others. This is a sure sign that the American dream has now fade.

In essence it seems evident that the crisis is a failure of a social and cultural model taken to the extreme and that reconstruction of the country must start again by reappraising the values expressed by the founding fathers. Values based on inclusion and not exclusion of the people that, over time in the mind of those responsible for government, have become nothing more than dim memories. All of this has produced a “nihilism” that is not easy to overcome, but as history teaches us, without mutual trust and hope there is no way out.

The dramatic Contradiction: Expenditures in healthcare are totally asymmetricals to social and right society:
Conclusions

The time has come to understand that we are facing an anthropological and not economic crisis as it is reductively defined; it is the failure of a socio-cultural model that has erased the fundamental human rights inscribed in 1948. The response to the crisis as anthropological is in understanding the cultural and historical path that has brought us to chaos, overthrowing the dominant paradigm, to place man and society at the centre of our interests as an end and to bring economics back to its natural role as a means. The technical culture, master of the world has unnaturally transformed economics as a social science into an exact science; in the exact sciences we study the relationships between measurable things to define universal laws, but in the social sciences, such as economics, we study relationships between men where human subjectivity does not allow defining universal laws.

It is time for people to realize what happens to a society when it fails to invest in social relations and the need imposed by history to again make social capital the focus of our interests. We must understand that social capital cannot be replaced by economic capital. A good society is always the precondition for growth of economic values and empirical evidence would seem to confirm this thesis.

But the question is whether we will manage in time to dominate this current, limitless greed and aggressiveness in favour of a greater focus on a sense of fraternity and solidarity expressed by love for others. Homo sapiens really does seem to be rather stubborn as regards understanding its own errors. A species that seems to be very attentive as regards learning the causes and effects of physical ills but that has not yet managed to correlate causes and effects in its history. Conceptually, similar situations to those we find ourselves having to face today have occurred before. Perhaps this explains why history is ignored, as if by doing so erects a kind of barrier to the fear of having to face suffering. Whether Homo sapiens will manage to deserve this appellation is difficult to say, time will tell if intelligence will turn out to be a benefit or a curse. Should it turn out to be a curse, this will only be because of a failure to use a truly precious gift, namely, our “humanity”, in an intelligent way.

The past few centuries have seen revolutions, wars and other tragic events that have ended, even in recent times, with solemn declarations of peace and democracy. But unfortunately, in the brief course of one generation they seem to disappear. And so, the history of progress of civilizations continues a course filled with doubts. Answers to the needs of an increasingly global society represented by a culture that relies on a single philosophy – technical knowledge as an end in itself – is showing it has reached the end of the line with the collapse of society and the very essence of humanity.
References