

Title	Multivariate analysis of the effect of income inequality on health, social capital, and happiness
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Brief Introduction	<p>Executive Summary:</p> <p>The last two decades have seen a growing concern about rising inequality. In a recent book (2012), Economics Nobel laureate Joseph Stiglitz argues that rising income inequality is one of the main factors underlying the economic and financial crisis in the United States. Wilkinson and Pickett (2009) similarly assert that higher inequality has harmful social consequences. This trend of growing inequality has furthermore been condemned in public arenas, where protests in the United States (the “Occupy Wall Street” movement) and in Spain (the “indignados”) show the extent of widespread public dissatisfaction with the present system which is denounced as being fundamentally flawed and unfair. The “We are the 99%” slogan and the associated web blog “We are the 99 percent” are direct references to this growing unequal distribution of wealth. A common rallying point of these movements is the argument that bankers who have benefited from large bonuses have been protected by bailout measures, while the victims of the crisis brought on by these very same bankers are faced with the reality of rising unemployment. This has also recently led the EU to agree on capping bonuses to bankers.</p> <p>Within this context, the European Commission¹ decided last year to undertake a comprehensive study on the social and economic challenges associated with rising income inequality in Europe. This report constitutes the third deliverable of this global study. The first report includes a literature review on the relationship between income inequality and social outcome variables in the areas of happiness, criminality, health, social capital, education, voting behavior and female labor participation (d’Hombres, Weber, & Elia, 2012). The second report complements the literature review by examining the bivariate correlations on NUTS1 level between income inequality and the social outcomes mentioned above (Elia, d’Hombres, Weber, & Saltelli, 2013). However, since the analysis in the second report relied on bivariate correlations, none of the statistical associations could be regarded as evidence of a causal relationship. In this third report, we carry out a multivariate analysis on a selected number of social outcomes while controlling for a multitude of individual and country level specificities. The social</p> <p><small>¹ Joint cooperation between the Directorate General Joint Research Centre (DG JRC) and the Directorate General for Employment, Social Affairs and Inclusion (DG EMPL)</small></p>