

POSTSCRIPT

# And Now for Something Completely Different?



New Partners at the opening of John Lewis Cardiff in September 2009. Despite the recession, they all received a Bonus of 15% of their pay the following March.

We should have a society far healthier and for almost everyone far happier if the national income were divided very much less unequally.

SPELAN LEWIS, FAIRER SHARES, 1954

I care for riches, to make gifts to friends, or lead a sick man back to health with ease and plenty. Else small aid is wealth for daily gladness; once a man be done with hunger, rich and poor are all as one.

FROM EURIPIDES' ELECTRA, C 400 BC, QUOTED BY  
RICHARD WILKINSON AND KATE PICKETT IN THE SPIRIT LEVEL  
— WHY EQUALITY IS BETTER FOR EVERYONE, 2009

We have a once in a lifetime chance to renew our idea of what a company is for.

WILLIAM DAVIES, FROM REINVENTING THE FIRM, 2009

## POSTSCRIPT

Even today, fifty-seven years after Spedan Lewis first formed his ideas, they run against the grain for most businessmen. It is taken for granted in British industry that employees do not have the same rights within the business as they are commonly given by the political system outside. They are not expected to vote for their leaders, they rarely have highly developed systems for complaining about the leadership and making suggestions to it, and there is not even the notional assumption that leadership in the business world should in the last resort be referred to the approval of the workforce. The ultimate sanction rests theoretically, and very occasionally in practice, with the shareholders. And yet there is no interest in a company's health quite so obvious or overpowering as that of the people who work for it.

**T**hat quote came from an article in *Management Today* over forty years ago, and things have if anything got worse. This book is published on the second anniversary of the collapse of Lehman Brothers, when the world's biggest bankruptcy plunged the financial markets into freefall, with more than £50 billion wiped off the FTSE 100 index in a single day. The banking crisis illustrated the flaws in a financial culture that put 'shareholder value' at its centre but without any genuine accountability – the shareholders became the victims of a system that supposedly put them in charge. They were the sufferers, as British taxpayers would be for a long time afterwards. Moreover, shareholders had done nothing to prevent the spectacular increase in pay levels at the top of industry, and a consequent vast growth in inequality.

In *The Spirit Level* in 2009 Richard Wilkinson and Kate Pickett illustrated the effects of that inequality on the health of society. Most northern European countries, and Japan, with high tax rates and a culture of communal care, score well on the ten measures of a healthy society that the book examines, such as life expectancy, childhood mortality and drug-taking rates. The United Kingdom scores badly, and the United States worst of all. But it wasn't always so in the UK. During World War II, in real terms middle-class salaries went down by about 10% and working-class salaries up by a similar margin, and universal rationing contributed to a comprehensive levelling effect – and to a sense of 'we're all sharing the pain together'. Those health measures improved, as they continued to do after the war through a better diet, the arrival of the National Health Service, increased taxation rates for high earners, and improved levels of education. That improvement then slowed, going abruptly into reverse in the 1980s and thereafter. Despite its positive side – businesses were freed up from restrictions, tax rates were reduced, the country's growth rates improved, most people were materially better off – societal health measures in the 1980s began to deteriorate. Between 1979 and 1999 inequality increased in the UK faster than in any other industrialised country outside the former Soviet Union. In 1986 the poorer half of the population owned over 10% of the UK's wealth; now they own just 1% of it.