Chapter 9

The Art of Living Vertically

Flatter Ladders, Comparing with Care, and the Things That Matter Most

The studies in this book each examine one aspect of inequality. To make scientific progress, it is necessary to divide a complex problem into simpler parts and understand how each one works. But the pieces eventually have to be assembled into a whole, as real life is more complicated than any single study.

The live fast, die young approach that is motivated by an uncertain future leads to shortsighted decisions, from payday loans to selling drugs to dropping out of school, that provide short-term rewards but sabotage the future. It also encourages young people to have children sooner and discourages marriage, the biggest long-term commitment that most people ever make. This lack of a stable family life also sabotages their children's future. The emergency response of our stress and immune systems to daily crises gives us the energy to get us out of those scrapes, but at the expense of sabotaging our future well-being. The feelings of insecurity cued by poverty, together with easy us-versus-them divisions fostered by inequality, provoke us to embrace simplistic beliefs, extreme ideologies, and prejudices that provide easy answers, but do so by sabotaging the healthy functioning of civil society.

Each of these factors can contribute to heightening the original insecurity and crisis state. Add to this dynamic the simple fact that people who can afford to move away from troubled areas tend to do so, leaving behind those with the worst problems and the least prospects concentrated in clusters of what sociologist William Julius Wilson calls the "truly disadvantaged." Individuals tend to make choices from the options that are familiar to them, taking pathways that are easy to navigate. A child born into such conditions is unlikely to know anyone who has escaped to college, or anyone who has ever been anything but poor. Those self-reinforcing factors create a kind of gravity that makes it increasingly difficult for anyone to escape them.

The gravity metaphor is apt, because breaking away from areas of concentrated disadvantage requires what I think of as an escape velocity. In physics, escape velocity is the speed required to escape a planet's gravitational pull. Once a projectile leaving Earth reaches that speed, it will keep going forever. When people escape an impoverished background, they, too, are gone forever in a sense. Even if they return, they think differently, speak differently, and even eat differently. A family member once told me she didn't want to set up education funds for her children because people came back from college as atheists. And what good is increased earnings potential when compared to eternal damnation?

In my own case, I was determined to escape, though I didn't fully realize the consequences that my doing so would have. Despite holiday visits, I will probably never again be as close to my siblings as those who stayed in Kentucky are to one another. My daughter will never know her grandparents with the same degree of intimacy as their grandchildren who live down the road. Living such different lives in such dissimilar places means that we share few assumptions about how the world works. Holiday dinners must be navigated between electrified fences of politics, religion, and current events. I and my family have undergone a predictable set of changes—predicted, in fact, by the scientific research presented in the previous chapters. There are good reasons why people with different experiences tend to have incompatible understandings of the world. But as the educated and wealthy pull further away from everyone else, those disparities are becoming enshrined in impermeable cultural barriers.

Understanding how inequality accelerates cycles of disadvantage can begin to help defuse many of the conflicts that arise when people discuss inequality. Take, for example, the ways one might explain the life of my uncle Sterman. Sterman lived in a barn at the county landfill. On winter nights when the temperature dipped close to zero, my father would go check on him and try to persuade him to come sleep at our house for the night. But he insisted on remaining where he was, hunkered down in a corner of the barn next to a coal stove. When I was little, I thought he was a black man because the soot from the coal—or the filth from the dump, or both—had so darkened his skin. My father once succeeded in convincing him to stay with us for a while, but he refused a room in the house. As a compromise, he took up residence in our barn instead. The space had been used years earlier as a pigsty, so my father built a floor over the dirt and covered it in red carpet. He installed electric lighting and hung wood paneling on the walls to approximate a home. My uncle resided there for only a few months, living, as far as I could tell, on Cheez Doodles and whiskey. Then one day he returned to his landfill.

If you want to interpret this account as an indictment of individual behavior, it is trivially easy to say that if my uncle had only stopped drinking, cleaned himself up, and gone back to work, he would have had a better life. It is obviously true that his choices contributed to a diminished existence. But that argument doesn't really explain anything, because it immediately begs the question, why would someone persist in behaving that way? Self-destructive behavior violates the basic assumptions of economics because it means turning away from a higher-value outcome in favor of a worse one. It is, from the perspective of an outside observer, irrational. To understand Sterman's choices, you have to know something about how the situation looked from his own perspective. You have to know what daily crises he faced. You have to know about his dreams, his disappointments, his losses, and his attempts to ease his heartaches. In other words, you have to know something about the damaging cycles in which he was caught. More than that, you have to confront the fact that we can predict with such accuracy that there will be many more Stermans living such lives in places with high levels of inequality.

When people debate between individual behavior like my uncle's and systemic factors as the source of inequality, as if the issue were an either-or debate, they are missing the point. Inequality affects our behavior, and differences in behavior can magnify inequality. While many who have studied the lives of the poor have recognized these self-reinforcing cycles between poverty and self-defeating actions, partisans on both the right and the left seem to immediately forget one half of the equation or the other as soon as they start proposing solutions.

Conservatives focus on individual agency and argue that we have to develop incentives to motivate the underclass to improve their lot. But the poor are driven by a more immediate and critical set of incentives. Their lives involve daily crises, which they attempt to cope with using the best short-term crisis management responses they have available. They have long since abandoned conforming to the economist's vision of rational responses to incentives and have replaced them with reactions aimed at keeping heads above water. Admonitions to start pulling up bootstraps ring hollow when you live in that world.

While partisans on the left recognize the importance of systemic factors like income inequality and inherited disadvantage, they too often minimize the role that individuals' decisions play in their fates. They are correct in contending that individual outcomes are partly responses to the environment and social structures, but their abstract system-level explanations would be more persuasive to most people if they acknowledged that the system's effects on any particular individual are reflected in the concrete choices he or she makes on a daily basis.

My uncle lived the rest of his short life in that junkyard barn. At the age of fifty-nine, after a lifetime of smoking and drinking and hard living, he learned he had advanced lung cancer. His last months were painful ones, because the doctors told him he could not take pain medicine and drink alcohol at the same time. He chose the whiskey. His choices, to a large degree, determined his fate.

There are those on either side of the political spectrum who view such persistent harmful behavior and conclude there's simply nothing that can be done to remedy it. It may indeed be difficult if not impossible to pull someone out of a self-destructive cycle once he is firmly entrenched in it. But throwing up our hands and declaring the situation hopeless is not only a moral evasion. It also ignores the fact that people's behaviors are responses to their environments, and those environments *can* be changed. Individuals make bad choices more often if they, like my uncle, grew up in a cabin with a dirt floor amid a family of coal miners and sharecroppers. They make those choices more often in a high-inequality country, like the United States, than a lower-inequality one, like Canada. Even the disparity between high-inequality states, like Kentucky, and low-inequality states, like Iowa, translates to significant differences in people's life outcomes.

The same forces that lead to vicious cycles among the poor also lead to virtuous cycles among the more affluent. If it seems obvious to you that it is better to sacrifice today for larger returns in the future, then you have probably been raised in an environment in which that kind of conscientious investment pays off. If you believe that most people can be trusted, you probably came of age in a world where most people were trustworthy. And if your stress response stabilizes once a stressful event is over, you are probably accustomed to being in a world that is essentially safe. If you have the good fortune to have these as your default settings, then you are being lifted in an upward spiral. Your future is likely to be bright, because in the modern economy your instincts are productive ones, aimed at long-term success rather than immediate crisis management.

When my daughter was about a year old, she discovered a game that was alarming to her parents. When she found herself on a bed or sofa, she would stumble to the edge, squeal with laughter, and fling herself off, fully confident in the knowledge that someone would be there to catch her. I suffered a lot of skinned knees and elbows to make those catches, but she never hit the ground. I knew that my intervention only encouraged the game, but I couldn't bring myself to let her learn the hard way that it was a dangerous game. In part it was because I worried that she might really hurt herself. But more than that, I wanted her to believe that she lived in a world where she could go out on a limb and someone would be there to catch her. It was one small way to nudge her cycle of expectations in the right direction.

Until recently, cycles of poverty were thought to be driven only by material scarcity. It has become increasingly clear that relative poverty and the inequality that drives it are just as important in separating the haves and have-nots. When I told my friends that I was writing a book about economic inequality, they shared their stories about growing up poor. When I informed my academic colleagues about the project, they sent me scientific articles about the effects of poverty on brains and bodies. No one offered accounts about the richest people in their towns, or articles discussing the salaries of baseball stars or bank executives. But inequality is driven as much by the wealth of the wealthy as by the poverty of the poor.

It is natural to focus on the poor when considering the effects of the great gap between the wealthy and the impoverished in contemporary societies. Asked why he robbed banks, the famous criminal Willie Sutton supposedly answered, “Because that’s where the money is.” If we asked humanitarians why they help the poor, they might likewise answer, “Because that’s where the need is.” Alleviating poverty is of course an essential goal for both moral and practical reasons. Poverty devastates every aspect of an individual’s life. In developing nations, where poverty deprives people of basic human needs, it is clearly a higher priority than inequality. But in developed nations, poverty is largely relative. It’s less an issue of having no clothes on your back than one of sending your children to school in clothes that fill them with shame because they’re not the right label. Here, fighting poverty is critical, but it is only half the battle.

The necessity of seriously confronting inequality and not just material poverty suggests the startling conclusion that we cannot simply grow our way out of our current predicament. Just as people often confuse inequality with poverty, they often confuse the goal of reducing inequality with the goal of fostering economic growth. But the findings on the critical role played by inequality itself—on health, decision making, political and social divisions—argue that economic growth by itself is not sufficient. The inequality reflected in statistics like the Gini coefficient is driven almost entirely by how wealthy the rich are. If some economic genius were to come up with an innovation that doubled everyone’s income overnight, it would make the problems of inequality worse, not better, as multiplying the income of millionaires would increase their wealth by a greater amount than doubling the income of someone earning $15,000 a year. Everyone would be wealthier, but inequality would grow that much more pronounced.

You can see this pattern at work in the way that people’s happiness tracks with their income. Happiness can be used as an emotional barometer for how a person’s life is going overall, as it measures many of the health, stress, and social indices we have focused on in these pages. Starting in the 1970s, economist Richard Easterlin found again and again that, within a given country, richer people were happier—but only up to a point. A massive study published in 2010 suggests that the turning point in America is around $75,000. Above that amount, the effect of money on emotional well-being levels off: Those making $80,000 a year are no less happy than those making $8 million.

As most people in our country make less than $75,000 (the median American household income in 2015 was about $54,000), one could logically conclude that greater economic growth should increase the average happiness. The surprising thing is, however, that it doesn't. People quickly adapt to their higher economic status, as each rise in income becomes the set point for the new normal. As a result, average happiness is entirely unrelated to economic growth over time. This surprising finding has become known as the Easterlin paradox.

By standard economic metrics, the last fifty years have been incredibly good to America. Our gross domestic product has risen year after year. If you look at GDP per person since the 1950s, you see a soaring straight-line increase. Even the painful financial crisis of 2008 and the recession that followed represent only a small dip in the line, and we have continued growing since then. If economic growth were all that mattered, then we would all be having the time of our lives. Yet as a nation we have rarely been more dissatisfied. I was recently on a plane from Raleigh to Boston when I overheard a conversation between two women in the seats behind me that captured the national mood perfectly. An older woman with a Boston accent remarked, "It's gone to shit. Everything's gone to shit. The economy is terrible. Crime is crazy—I mean, I just go to work and come home and I don't even go out." The younger woman, who had a Southern accent, sighed knowingly. "It makes you wonder if you want to bring a child into this world," she said. These were women who could afford airplane tickets. They were traveling between two affluent cities during a period of historically low crime rates in the richest nation during the wealthiest period of the history of the world. Clearly, it didn't feel that way.

The key to understanding the Easterlin paradox is that the growth has not been widely shared. Almost all of it has gone to the richest few percent, leaving the incomes of most people flat, as we learned in the introductory chapter. If happiness is shaped by relative status, and inequality makes everyone feel left behind, then we would expect that high levels of inequality would be a better predictor of unhappiness than GDP. That is exactly what a team of psychology researchers led by Shigehiro Oishi found when they examined fluctuations in happiness among Americans between 1972 and 2008. Household income was not linked to happiness. But when income inequality ticked up or down from year to year, unhappiness rose and fell with it.

The Oishi study discovered that the inequality-happiness link was strongest among the poor, but it also affected the middle class. In fact, it affected everyone except the wealthiest 20 percent. But how does something as abstract as income inequality become a factor in a person's day-to-day happiness? A specific set of beliefs linked inequality to happiness. In times when inequality was higher, people tended to believe that others could not be trusted and would try to take advantage of you if they could. That distrust, in turn, predicted unhappiness.

Economic growth is clearly preferable to economic stagnation. But growth that continues to flow only to the richest will exacerbate the problems of inequality. So what is to be done? Understanding what science has discovered about the cycles of inequality and our behavior in reaction to them points to two approaches to solutions that I believe we should pursue simultaneously. One concerns the social context, and the other our response to it. The first is to prioritize building a flatter ladder. The second is to get better at living amid its rungs.

Obviously, shortening the ladder—reducing inequality—is the most immediate and powerful way to approach the many problems that have been explored here, because it approaches many of them simultaneously. Traditionally, policy experts have focused on finding specific solutions to one issue at a time. Medical experts seek to improve health. Criminologists formulate policies to reduce crime. Education experts design ways to improve schools, and so on. There are surely unique aspects to each of the societal troubles we face. But so many of them have extreme economic inequality as a common denominator that it would be foolish not to try to confront it directly. Two of the most astonishingly effective public health accomplishments in human history were antibiotics and public sanitation (sewer systems and chlorinated water). These innovations saved millions of lives and dramatically lengthened life spans in the twentieth century. They didn't do so by killing a single bacterium or preventing only one disease at a time. They were so successful because they had an across-the-board effect on thousands of infectious diseases.

Reducing inequality, similarly, has the potential to address scores of problems at once. But that requires moving away from seeing inequality through a moralizing lens. Instead, I believe we have to view inequality as a public health problem.

In practical terms, reducing inequality means both raising the bottom rungs of the social ladder and lowering the top ones. Many books have discussed the virtues of various types of policies aimed at doing so. Some of these measures are favored by the left, such as raising the minimum wage, expanding early childhood education, capping executive pay, strengthening unions, and increasing paid parental leave. Other proposed solutions rely on market forces to reduce inequality, which may make them more attractive to conservatives and libertarians. For example, research led by Bhavya Mohan found that when customers learn that a corporation has high pay inequality between the CEO and regular workers, they are willing to penalize it by buying from a competitor with lower inequality.

Still other policies have more general nonpartisan support. For example, both liberals and conservatives have at times supported expanding the Earned Income Tax Credit, which subsidizes the income of poor working families. Liberals like it because it provides benefits to the poor, and conservatives like it because it rewards work. More dramatically, providing a guaranteed basic income has also been advocated by both progressives and libertarians. The appeal to libertarians is that it would be more efficient to provide money in a single payment rather than via dozens of separate government-administered programs.

I have at times encountered dismay in the classroom when I've argued that inequality is essentially a public health problem that requires solutions from both markets and governments. One day a student shouted, "But that's just socialism!" That response is a common one to any deviation from unregulated markets as a means of promoting greater equality. But the argument doesn't hold water. Advocating for reducing today's extreme levels of inequality is not advocating for a socialist system, any more than efforts to reduce binge drinking are a demand for prohibition or a call to reduce the speed limit is an effort to slow traffic to a crawl.

Some context is in order. We saw in Chapter 2 that a whole range of social problems, from teenage births to high school dropout rates to violent crime, are all higher in states with greater income inequality. We saw in Chapter 5 that greater equality was linked to longer lives when comparing countries, as well as when comparing across the states. These statistics suggest that reducing income inequality from the rates of Kentucky or Louisiana to the rates of Iowa or Utah could transform the lives of millions of people. Iowa is not a socialist paradise of the proletariat, but the lives and life expectancies of its citizens are measurably better than in states with higher levels of inequality.

The goal is not to eliminate all inequality, which, however idealistic, has never been a feasible model. Utopian ideals have a way of becoming dystopian realities. Rather, the goal is to adjust the level of inequality to a more human scale, one that gives people ample room to compete and to move up in their lives, without making economic competition a winner-take-all contest. A degree of inequality is a natural outcome of competition in a market economy, and in that system there will always be winners and losers. A number of people extrapolate from that basic point, however, to conclude that if some inequality is good for social mobility, then even higher inequality must be that much better.

That logic turns out to be exactly backward. Nations, states, and regions with higher degrees of income inequality actually have less upward mobility, a relationship known as the Gatsby curve. From a slightly different perspective, this means that the more inequality there is in the area in which you live, the more your economic prospects are determined by your parents' wealth rather than by your own success. When the rungs of the economic ladder are farther apart, it becomes that much more difficult to climb them.

Changing the fundamentals of the economic landscape is a long-term prospect, but there are other strategies suggested by the science of inequality that can improve the quality of individual lives on a more immediate basis. The first is to choose social comparisons wisely.

I argued earlier that social comparisons are an inevitable part of daily existence. Given that we compare ourselves to other people so promiscuously, and relative comparisons are so ingrained in the way we judge just about everything, how can we compare wisely if we are often not consciously aware that we are doing so?

The answer is that unconscious thoughts are not, as traditionally believed, walled off in some Freudian cave, impossible to access. Today psychologists consider most unconscious thinking to be of a different nature entirely. Reading is one good example. When you first learned how to decipher strings of letters into words, it was a slow and effortful process and required all your attention. But as you became more and more skilled, reading became effortless and automatic. You were no longer aware of sounding out syllables into words and connecting words to ideas, although that is exactly what your brain was doing. Or consider, as you are reading this sentence, that you are likely to be unaware of your breathing, or the amount of pressure on your gluteus maximus. We lose our awareness of what we are doing or feeling when the activity becomes so routine that we no longer need to pay attention. But that doesn't mean that we can't become conscious of it by voluntarily directing attention toward it. As with breathing, once we attend to it, we can often exert some control over what we are doing.

A cue that you are in the grips of unconscious social comparison is the vague anxiety that something you have isn't quite good enough. We think that there's something wrong with our laminate countertop because it's not granite, or that our granite is inferior because it's not marble. We make this sort of calculation constantly, with respect to possessions ranging from the homes we live in to the shoes we wear. In most cases, there is no true standard for what counts as "good enough." We are unconsciously comparing what we have to what someone else has—our friends, our neighbors, that handsome couple in the magazine—and we are aware only of the conclusion our brain has silently computed: Compared to that, this isn't sufficient.

That *discrepancy* is the signature of upward social comparisons. Most commonly, it is experienced in the world of objects around us rather than in our own heads. My countertop looks drab. My wardrobe looks dated. These objects themselves haven't changed, but our perception of them has. The sensation that there is something deficient in them has a doubly seductive quality: It not only motivates us to want more, but it also justifies these desires by providing physical evidence in support of that desire. Social comparison masquerading as "something's wrong with my stuff" is a major reason that so many people live paycheck to paycheck, even when they have a good income. Upward social comparison is a constant pressure nudging us to the outermost limits of what we can afford.

We can, in fact, exert more control over how we compare. Controlled comparison means, first, learning to recognize when we are in the grips of such a compulsion and, second, choosing wisely what kind of comparison is really relevant and useful. The idea here is not to stop comparing; it is to compare more wisely.

Different types of comparisons have different effects. Upward comparisons make us feel poorer, less talented, and needier. So if your goal is to manage those feelings and desires, redirect your attention to a downward comparison instead. Am I suggesting here that you should think about others who are less fortunate than you in order to feel better by comparison? Doesn't that seem mean-spirited and petty? Yes, I am, in fact, suggesting precisely that. Downward comparisons are not only the source of schadenfreude and smug pride; they can also be a source of gratitude. The key is to be aware that, under different circumstances or as the result of an unexpected change in fortune, you could have been less fortunate, too.

Upward and downward comparisons both involve trade-offs. The danger of downward comparisons is complacency: When you begin to feel better off than someone else, it becomes more tempting to apply less effort in your life. Upward comparisons, in contrast, can inspire us to work harder and achieve more, but they are legitimately motivating only if we believe that our targets are realistic. Comparing ourselves to the Albert Einsteins and Michael Jordans of the world just makes us feel miserable and demotivated.

Successfully negotiating a balance in comparisons requires being clear about your goals. For example, are you aspiring to further your education or establish yourself in your career? In such cases, selective upward comparisons might be beneficial—though not to others who are merely rich or successful, but to individuals who have excelled in your areas of interest. If, on the other hand, you are someone who has fulfilled or exceeded your basic needs yet still feel as if you never have quite enough, a downward comparison may provide a healthy recalibration.

My wife has a useful method of putting downward comparisons into practice. Whenever she catches herself complaining about something, her mind immediately goes to the worst-case scenario, and she feels grateful to have that "something" at all. If her feet hurt, for example, her next thought is: *But I'm thankful I have feet!* She is not feeling superior to the footless of the world, but instead reminding herself in a concrete way that feet are a blessing, and her situation could be worse.

The point is not to compare with the winners, or to compare with the losers. It is to compare, with lucidity. Deploying both upward and downward comparisons is a way of putting brackets around our experience. Those upper and lower limits provide a sensible framework and perspective, reminding us that, while our situation could be better, it could also be far worse. While context can allow you to be a little more at peace with the way things actually are, if you are facing a major challenge and need every bit of grit you can muster, by all means indulge in some upward comparisons.

Another option is to redirect your comparisons from other people to your own past. If you have overcome important challenges over the course of your life, then comparing your present to your former self has the advantages of comparing both upward and downward at the same time. You get the benefits of downward comparison ("At least I'm not my goofy teenage self!") and also acknowledging your upward trajectory ("Look out world, here I come!").

Because we habitually make social comparisons to the people we encounter in everyday contexts, another way to manage the effects of inequality is to change those contexts. So in addition to changing your comparisons, you can choose your situations wisely.

About four in ten Americans never leave the towns where they were born. Another 20 percent change towns but remain in their home state. The movers are most often motivated by better economic opportunity, and they tend to find it. They earn higher average incomes and attain higher levels of education than those who stay. Those who stay tend to rely more on their network of family and friends. Moving away from home or remaining both involve a series of compromises, and there is no right answer for everyone. If you have the means to move away from a high-poverty area, that is often a sensible thing to do. But those opportunities will come at the expense of abandoning familiar social norms and cultural values, and an extended family who can provide practical support at many levels.

Not all significant moves have to be away from family and friends, however. Even switching from one neighborhood to another in the same area can have profound effects. A massive randomized experiment by the U.S. Department of Housing and Urban Development revealed that moving a family from a high-poverty neighborhood caused significant changes in their lives. One group was randomly selected to receive a housing voucher that subsidized their rent to enable them to move; a control group also received a rent subsidy but without moving. The subsidy was not very large, so in reality the families moved from very poor neighborhoods to somewhat less poor ones. Nonetheless, the results were striking. The children of families that moved were less likely to become single parents and more likely to stay in school and to attend college. By the time they were in their mid-twenties, they earned 31 percent more than those who had stayed in their old neighborhoods.

Similar effects were found in another study in which the city of Chicago decided to demolish some of its low-income housing projects. The city provided the buildings' residents with housing vouchers to move to areas with less concentrated poverty. Compared with tenants who lived in other housing projects, those who moved had better employment rates and earned higher salaries. In both studies, the benefits of moving were more pronounced for those who were children at the time of the move, suggesting that one of the major ways that mobility improves outcomes is by creating a stronger, more stable home that eventually benefits the next generation.

An alternative strategy to moving to a more affluent neighborhood is to relocate to an area that has a lower rate of inequality. Data on inequality for each state, county, and zip code are available from the U.S. Census Bureau website. A neighborhood with lower inequality can provide benefits for you and your children without higher living expenses or property values.

The strategies I've been discussing are aimed mainly at those individuals, either low income or middle class, who feel that they are struggling or being left behind. But the issues are different if you are in the top 20 percent or so of the income ladder. Economically, the rising inequality of recent decades is likely to be good for you. And yet recent studies suggest that high inequality has some disadvantages that may be less obvious than one's net worth.

First, we have seen evidence that high inequality is associated with higher rates of crime, greater risk of stress-related illness, and greater political polarization. These problems degrade the quality of life for everyone, including the affluent. This may be why people are happier in more equal places even after adjusting for their individual incomes.

A second reason that the wealthy should care about reducing inequality has less to do with tangible outcomes and more to do with the kind of person you become. Many people believe that once they make their fortune, they will stop striving, stop comparing, and be satisfied with their success. Few remain satisfied for long, however, and high-inequality contexts make contentment even harder. One study compared each state's level of inequality with the most frequent Google searches in each state. It found that the strongest correlate of inequality was searches for luxury goods. The higher the inequality in a person's state, the more they seek to display their wealth with flashy jewelry, cars, and accessories. Many studies have found, however, that spending money on luxury goods does not increase well-being. For the affluent, higher levels of inequality tend to accelerate the social comparison treadmill, in which you have to run faster to stay in place.

Higher levels of inequality also encourage immodesty among the successful in other ways. Recall that our studies of the stock-picking game, as well as Lerner's studies that randomized subjects to success or failure, both found that when people succeeded at something, they immediately took credit. Even when their accomplishment had been randomly determined by the experimenters, successful subjects assumed it was their own hard work and talent that entitled them to their rewards.

Studies led by psychologist Paul Piff suggest that this sense of entitlement has unfortunate consequences. In one study, the researchers observed cars at intersections, recording their make, model, and the condition of the car. They also noted how often the cars cut off pedestrians in a crosswalk or other drivers who legally had the right of way. The more expensive the car appeared to be, the more frequently the driver cut others off. In another study, the researchers left a bowl of candy in a waiting area and told participants that it was intended for children in another study. They found that subjects who rated themselves higher on the Status Ladder were more likely to eat the candy. Still another study found that people with higher incomes tend to give a smaller percentage of their income to charity, and this difference is magnified in states with higher income inequality.

When it is suggested to prosperous people that they may have had some advantages or privileges, their immediate response is usually to think, “I worked hard and I deserve my success!” Fair enough. Every successful person I know works hard, but they can also name multiple ways in which they benefited from good luck and the help of others. Economist Robert Frank has used computer simulations to examine the role of ability, effort, and chance in driving success. The computer simulation starts with the assumption that ability and effort together explain 98 percent of outcomes, and chance explains only 2 percent. Under those assumptions, most of the “winners” of the simulation generally have high ability and effort scores, as you would expect. But something counterintuitive happens as the “marketplace” of the simulation becomes more competitive. At the highest levels of competition, everyone has very high levels of ability and effort. At this elite level, what differentiates the very successful from the moderately successful is chance.

This is not to argue that the affluent are undeserving of their incomes. Performance in real life depends on ability, effort, and chance. But, as the simulation highlights, the higher up the ladder you go, the more your success is influenced by chance in addition to your abilities and effort. Reminding ourselves of our good fortune and dumb luck is a powerful way to combat the sense of entitlement that so often comes with success. It also helps offset the unreflective assumptions that the world is always a fair place where good outcomes await the virtuous and bad outcomes signal vice. Just as I suggested that pairing upward comparisons with downward comparisons can provide useful context, so can pairing our natural tendency to focus on our merit with a focus on our luck. The next time you find yourself thinking about how you worked hard and deserve what you have earned, ask yourself what lucky breaks you had along the way.

If you are successful and affluent, then you are in a privileged position to make a difference. You have more money to contribute, be it to charity or to political causes that advance equality. If you are an employer, you have the ability to set pay scales in a way that encourages rather than discourages collaborative work. Some entrepreneurs are already trying it.

Dan Price, the CEO of a credit card servicing company, read about the research I described earlier revealing that greater income improves well-being up to a point and then the benefits of additional pay level off. Based on that research, he decided in 2015 to increase the minimum salary at his company to $70,000. To make the plan work, he reduced his own salary from more than $1 million to $70,000 as well. Attesting to the importance of relative status, two upper-level executives quit because, even though their salaries were not reduced, they thought it was unfair to pay entry-level employees that much. But many more of his employees stayed. The reduced turnover is likely to save the company money on hiring and training new employees. And Price is betting that improved employee morale and loyalty will lead to higher productivity. Time will tell if this experiment is a success, but so far the business is booming. Employees were so grateful they recently pooled donations to buy Price a Tesla.

The final strategy I want to highlight applies to both the struggling and the prosperous. It seems, on its surface, to have nothing to do with social comparisons, income distributions, or neighborhood contexts. It concerns, rather, assessing what is most meaningful to you. I mentioned at the beginning of the book that when I ask people to write down the values and motives that matter most to them, the same handful of values come up again and again, and no one ever replies that they crave status.

Take a moment to think about a value that you cherish. You will likely come up with one that you have in common with nearly everyone else. You will probably focus on one that is personal, that connects you to loved ones or an idea larger than yourself. It will probably have little to do with climbing a social ladder.

Studies show that this simple exercise of focusing on what matters most can have remarkable effects on experiences of inequality. First, it makes people care less about what others think of them. In one experiment, college students were asked to take a few minutes to write about a value that was personally important to them. After choosing an item from a list of values and qualities (like relationships with friends and family, artistic skills, creativity, and so on), they were then asked to write several paragraphs about why this value was important to them and to describe a time when it played an important role in their life. Participants in a control group wrote about a value that other people might care about but that was not personally significant to them. Next, participants indicated how much they were willing to pay for a luxury-brand watch and for a non-luxury-brand watch. The group that wrote about a personally essential value cared less about the luxury brand than the control group. In another study, subjects who spent a few minutes writing about a key value showed reduced physiological stress when being evaluated by other people.

Psychologists Brandon Schmeichel and Kathleen Vohs found that spending a few minutes writing about cherished values also made people less impulsive and more likely to delay immediate gratification for longer-term benefits. These studies suggest that the live fast, die young mind-set cued by inequality can be mitigated by recentering attention on what one really cares about.

In the most ambitious values-focus studies yet, psychologist Geoffrey Cohen and colleagues harnessed the power of values to combat the achievement gap between black and white students. They created an intervention consisting of several short writing exercises that were administered during the course of a school year. In the experimental group, each writing assignment involved writing about a personally important value. Students in the control group also completed the writing exercises but wrote about values that were important to other people. When researchers examined the students' grade point averages at the end of the year, there was a substantial gap between the GPAs of the black and white students in the control group, but that gap was reduced by 40 percent in the important-values group.

That finding was not an anomaly. The team repeated the experiment with another set of classrooms and had the same results. When the researchers returned two years later, the values students had maintained their improved performance into the ninth grade. Another study led by Cohen and psychologist David Sherman found a similar reduction in the achievement gap between white students and low-income Latino students that lasted throughout a three-year follow-up period.

In another variation on this theme, psychologist Crystal Hall visited an inner-city soup kitchen in New Jersey and talked to people getting their meals there. She asked one group of participants to speak for a few minutes about an experience that made them feel successful and proud. She asked a control group to describe their daily routine. Hall then offered both groups the opportunity to complete forms to sign up for social welfare benefits for which they were eligible. A persistent problem in providing benefits to the poor is that many do not enroll in benefits programs that would help them simply because the process seems too difficult or confusing. Although they may know it is in their long-term interest, people are often too overwhelmed to do anything about it—another instance of short-term thinking and poverty feeding upon themselves. The study found that talking for five minutes about an empowering experience significantly increased willingness to enroll in benefits programs.

These surprisingly effective interventions didn't require millions of dollars in funding, decoding the human genome, or unraveling the mysteries of the brain. They involved only a few minutes of sustained attention, itself a precious resource, and a simple shift in perspective, from a standard economic model, in which people always respond rationally to incentives, to a more realistic psychological one. In this model, people habitually measure their relative position against their social contexts in order to judge their own worth. Making the conscious effort to consider what genuinely matters interrupts the unconscious default pattern of looking to others to gauge how much we value ourselves.

The developing new science of inequality has already shed much light on why human nature is so deeply interwoven with the Status Ladder. It is human nature, not economic theory, that links the private jets of the wealthy to the junkyard barns of the destitute, and to the rest of us in between. It is human nature that links affluent people contemplating the value of a Rolex watch to fourth graders standing in lunch lines with no money in their pockets. For creatures like us, thriving amid inequality ultimately means reshaping the ladder. Until then, understanding the behavioral science of inequality can help us live more gracefully in this vertical world.