

Do We Need Greater Equality for a More Peaceful Society: Teachers' Notes

Wilkinson and Pickett's books *The Spirit Level* (2010) and *The Inner Level* (2018) have made a compelling case for the multiple effects of income inequalities on individuals and societies. This lesson considers the relationship between income inequality and conflict. It does this by drawing from the evidence presented in *The Spirit Level* demonstrating the correlation between higher levels of inequality and more violent societies, looking specifically at the experiences of children and young people. This theory is then applied with the real-life example of the End Violence Youth Manifesto.

These notes provide a primer on some of the key issues that are covered within the lesson as well as offering some resources to follow up issues around the effect of income inequality.

What is economic inequality?

1. Income Inequality

Income inequality is the extent to which income is distributed unevenly in a group of people.

Income is not just the money received through pay, but all the money received from employment (wages, salaries, bonuses etc.), investments, such as interest on savings accounts and dividends from shares of stock, savings, state benefits, pensions (state, personal, company) and rent.

Measurement of income can be on an individual or household basis – the incomes of all the people sharing a particular household. Household income before tax that includes money received from the social security system is known as gross income. Household income including all taxes and benefits is known as net income

2. Pay Inequality

A person's pay is different to their income. Pay refers to payment from employment only. This can be on an hourly, monthly or annual basis, is typically paid weekly or monthly and may also include bonuses. Pay inequality therefore describes the difference between people's pay and this may be within one company or across all pay received in the UK.

3. Wealth Inequality

Wealth refers to the total amount of assets of an individual or household. This may include financial assets, such as bonds and stocks, property and private pension rights. Wealth inequality therefore refers to the unequal distribution of assets in a group of people.

How is economic inequality measured?

1. Gini Coefficient

The Gini coefficient measures inequality across the whole of society rather than simply comparing different income groups.

If all the income went to a single person (maximum inequality) and everyone else got nothing, the Gini coefficient would be equal to 1. If income was shared equally, and everyone got exactly the same, the Gini would equal 0. The lower the Gini value, the more equal a society.

Most OECD countries have a coefficient lower than 0.32 with the lowest being 0.24. The UK, a fairly unequal society, scores 0.35 and the US, an even more unequal society, 0.38. In contrast, Denmark, a much more equal society, scores 0.25.

The Gini coefficient can measure inequality before or after tax (original income) and before or after housing costs (disposable income). The Gini will change depending on what is measured.

2. Ratio Measures

Ratio measures compare how much people at one level of the income distribution have compared to people at another. For instance, the 20:20 ratio compares how much richer the top 20% of people are, compared to the bottom 20%.

Common examples:

- 50/10 ratio – describes inequality between the middle and the bottom of the income distribution
- 90/10 – describes inequality between the top and the bottom
- 90/50 – describes inequality between the top and the middle
- 99/90 – describes inequality between the very top and the top

3. Palma Ratio

The Palma ratio is the ratio of the income share of the top 10% to that of the bottom 40%. In more equal societies this ratio will be one or below, meaning that the top 10% does not receive a larger share of national income than the bottom 40%. In very unequal societies, the ratio may be as large as 7.

The Palma ratio addresses the Gini index's over-sensitivity to changes in the middle of the distribution and insensitivity to changes at the top and bottom.

- The UK Palma ratio is 1.40.
- The Palma ratio is commonly used in international development discourse. The ratio for Brazil, for example, is 2.23.

Economic inequality intersects with other types of inequality - e.g. race, gender, disability, age, sexuality - which means that certain groups in society will be disproportionately affected by economic inequality.

What is the OECD?

The OECD is the Organisation for Economic Co-operation and Development. It is an international organisation that works to build better policies to improve lives. Their goal is to shape policies that foster prosperity, equality, opportunity and well-being for all, drawing

on almost 60 years of experience and insights. The OECD works together with governments, policy makers and citizens, on establishing evidence-based international standards and finding solutions to a range of social, economic and environmental challenges.

The OECD has 36 member countries, the twenty founder members from the original organisation set up to administer aid under the Marshall Plan and 16 having joined since. Criteria for membership is stated as follows:

*'Countries wishing to become **OECD** members must demonstrate a "readiness" and a "commitment" to adhere to essentially two fundamental requirements: (i) democratic societies committed to rule of law and protection of human rights; and (ii) open, transparent and free-market economies*

What are the SDGs?

The SDGs are the United Nations Sustainable Development Goals, developed to succeed the Millennium Development goals, with a focus on collective action by all countries to work towards a sustainable future for all. The goals are:

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| 1. No poverty: end poverty in all its forms everywhere. | 2. Zero hunger: end hunger, achieve food security and improved nutrition, and promote sustainable agriculture. | 3. Good health and well-being for all people: ensure healthy lives and promote well-being for all at all ages. | 4. Quality education: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. |
| 5. Gender equality: achieve gender equality and empower all women and girls. | 6. Clean water and sanitation: ensure availability and sustainable management of water and sanitation for all. | 7. Affordable and clean energy: ensure access to affordable, reliable, sustainable and modern energy for all. | 8. Decent work and economic growth: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. |
| 9. Industry, Innovation, and Infrastructure: build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation." | 10. Reducing inequalities: reduce income inequality within and among countries | 11. Sustainable cities and communities: make cities and human settlements inclusive, safe, resilient, and sustainable. | 12. Responsible consumption and production: ensure sustainable consumption and production patterns. |

13. Climate action: take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.

14. Life below water: conserve and sustainably use the oceans, seas and marine resources for sustainable development.

15. Life on land: protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

16. Peace, justice and strong institutions: promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

17. Partnerships for goals: strengthen the means of implementation and revitalise the global partnership for sustainable development.

References and Associated Resources

Wilkinson, R and Pickett, K (2009) The Spirit Level: Why More Equal Societies Almost Always Do Better. London Penguin

View RSA debate here <https://www.youtube.com/watch?v=SqiKULsBzHU>

Further resources available here <https://www.equalitytrust.org.uk/resources/the-spirit-level>

Wilkinson, R and Pickett, K (2018) The Inner Level: How More Equal Societies Reduce Stress, Restore Sanity and Improve Everyone's Well-being. London Penguin

View RSA Event here <https://www.youtube.com/watch?v=rP0HwniJHNo>

Equality Trust Teach in available here <https://www.equalitytrust.org.uk/inner-level-teach>

A path to security for the world's deadliest countries (Rachel Kleinfeld | TEDSummit 2019)
https://www.ted.com/talks/rachel_kleinfeld_a_path_to_security_for_the_world_s_deadliest_countries

Friedman, S and Laurison, D (2019) The Class Ceiling: Why it Pays to be Privileged. Bristol. Policy Press

Slides from launch event here <http://www.lse.ac.uk/Events/Events-Assets/PDF/2019/01-LT/20190128-Class-Ceiling-Book-Launch-to-share.pdf>

RSA podcast available here https://soundcloud.com/the_rsa/why-it-pays-to-be-privileged

Hanley, L (2016) Respectable: Crossing the Class Divide London Penguin

View RSA Event here https://www.youtube.com/watch?v=HEe1_TsuAVE

The Office of National Statistics latest release on measuring inequality in the UK (March 2020)

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householdincomeinequalityfinancial/financialyearending2019>

- Watch - [Monopoly Video](#)
- Read (p25-28) - [Why Inequality Matters](#)
- Read Blog Post (How understanding inequality explained my mental distress) - [Everyday Inequality](#)

Please email info@equalitytrust.org.uk if you have any questions or suggestions.