Deaton Review on Equality

- Welcome
- SIR PETER BOTTOMLEY MP
- Chair
- All Party Group for Social Science and Policy
Deaton Review on Equality

Introduction

PROFESSOR ALISON PARK
Director of Research
Economic and Social Research Council
Deaton Review on Equality

PAUL JOHNSON

Director

Institute for Fiscal Studies
The Gini coefficient has remained unchanged since the 1990s.

Gini coefficient and 90:10 ratio since 1961

Source: Joyce and Xu, 2019
The UK is unequal by international standards

Gini coefficient of equivalised household incomes, 2016

Source: Joyce and Xu, 2019
The top 1% share has nearly tripled in the last 4 decades

Top 1% share of net household income since 1961

Source: Joyce and Xu, 2019
Male earnings inequality has increased, driving up household earnings inequality.

Annualised average growth in male earnings and wages, 1994-2015

Source: Blundell, Joyce, Norris Keiller and Ziliak, 2018
Benefits have mitigated household income inequality since the 1990s

Growth in equivalised household incomes, 1994-2017

Notes: Working age households only. In-work transfers include all benefits to working households.
Source: IFS analysis of FRS data
But at a cost of rising expenditure

Real-terms spending on working age benefits, 1978-2017

Note: Includes cost of Children’s Tax Credit in 2001/02-2002/03, based on forecasts in Budget 2001
Source: IFS analysis of DWP Benefit expenditure and caseload tables
Midlife mortality is rising

Cause-specific mortality for people aged 45-54, 1993-2017

Note: Deaths of despair include deaths from suicide, drug overdose and alcohol-related deaths.
Source: Joyce and Xu, 2019
The rise is concentrated in ex-industrial areas

Note: Deaths of despair include deaths from suicide, drug overdose and alcohol-related deaths.
Source: IFS analysis of ONS mortality data
Marriage and cohabitation are declining among less educated people

Share of 40-45 year olds who are married or cohabiting, 1993–2018

Note: Excludes people currently in full-time education.
Source: Joyce and Xu, 2019
Policy options will depend on causes of inequality

Not just redistribution – need to address underlying causes

**Technological change**
- Skilled workers more productive
- Easier to automate routine tasks

**Globalisation**
- Import competition and offshoring
- Competition for globally mobile executives

**Changes in bargaining power**
- Decline in unions
- Gig economy, agency work, self-employment
- Pay-setting institutions at the top

**Firms and market power**
- Rising concentration – market power?
- Monopsony power
- Corporate lobbying

- Education/ skills policy
- State-led R&D/ directed investments

- Regional/industrial policy
- Facilitate geographic mobility

- Minimum wages
- Regulation of labour contracts
- Worker representation

- Corporation tax
- Competition policy
- Regulation

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Key studies commissioned as part of the Review

1. Why inequality, what inequality?
2. Attitudes towards inequality
3. Experiences of inequality
4. Political economy of inequality
5. History of inequality
6. Trends in economic inequalities
7. Gender
8. Race and ethnicity
9. Immigration
10. Health
11. Geographical (im)mobility and spatial inequality
12. Family dynamics
13. Social mobility
14. Early child development
15. Education systems
16. Labour markets
17. Firms and inequality
18. Trade and globalisation
19. Corporate, capital and top taxes
20. Transfers, tax and tax credits at the bottom

... plus commentaries and perspectives
Deaton Review on Equality

LUCINDA PLATT

Professor of Social Policy and Sociology

London School of Economics and Political Science
Inequalities: Group differences in inequality

Lucinda Platt, London School of Economics and Political Science
Panel Member, The IFS Deaton Review
Gaps in economic outcomes persist

• For women (e.g. pay gap)
• Ethnic minorities (esp. employment gap)
• By social class and education (e.g. different chances of attaining more advantaged occupational class positions)
• By geography (regional differences and differences by deprivation – wherever that occurs)

But
• Heterogeneity across life course and for different age groups
• Heterogeneity within “groups”
• Intersections of group characteristics – e.g. gender*ethnicity, pay gaps by region etc.
Gender pay gaps (relative to median earnings) 1997-2017

Source: ONS, 2018
Pay gaps for women linked to maternity

Source: Costa Dias, Joyce and Parodi 2018
Ethnic employment inequalities, 2011

Source: ONS 2011 Census, Table BD0076 - Economic activity by ethnic group by sex by age
Unemployment rates by selected ethnic groups, 2017/18

<table>
<thead>
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<th>Ethnicity</th>
<th>All</th>
<th>Men</th>
<th>Women</th>
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<td>Mixed</td>
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<td>Pakistani</td>
<td>9</td>
<td>8</td>
<td>14</td>
<td>23</td>
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<tr>
<td>Bangladeshi</td>
<td>12</td>
<td>8</td>
<td>14</td>
<td>23</td>
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<tr>
<td>Black groups</td>
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<td>7</td>
<td>10</td>
<td>26</td>
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</table>

Source: ONS 2018
## Ethnic and migration status pay gaps

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<td>Black Caribbean</td>
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<td>12.95</td>
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<tr>
<td>Chinese</td>
<td>15.12</td>
<td>16.74</td>
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</tbody>
</table>

*Source: Longhi, S., and Brynin, M. (2017)*
Averages are limited as summaries of group experience

Source: Nandi and Platt (2010)
Life expectancy gap between more and less deprived areas has increased since 2001

Source: Bennett et al. 2018
Average weekly earnings by region, Jan-Mar 2019

United Kingdom
Great Britain
England
North East
North West
Yorks & the Humber
East Midlands
West Midlands
East of England
London
South East
South West
Wales
Scotland
Northern Ireland

Average Weekly Earnings (£): gross
Group level inequalities

- Will tend to be larger and more consequential in the context of greater overall inequality
- But group-level solutions may be hard to target, given diversity of experience

- Review will be
  - reflecting on how (group) inequalities emerge – and persist - and who for
  - considering them in context – e.g. within families, communities etc.
  - evaluating inequalities in power, status and voice alongside economic inequalities
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