Inequality

Economics

How inequality is measured, and why it matters economically.

Measurement and effects.

Measures

- Gini coefficient, 0 to 1
- Share held by the top decile
- Ratio of top to bottom quintile
- Wealth against income inequality
- Intergenerational mobility

Economic effects

- Weaker demand from lower propensity to spend at the top
- Under-investment in human capital
- Political capture of policy
- Shorter growth spells

> Wealth inequality is consistently far higher than income inequality, and is measured much less often.