

## Our World in Data: Gini Coefficient Answers

**Directions:** Visit the website Our World in Data (<https://ourworldindata.org/income-inequality>), which uses the Gini Coefficient (Gini Index) to make many comparisons between countries and over time. You can click on each graph in the article to enlarge it. On this site, the Gini Coefficient is expressed as a decimal (0.40 instead of 40, for example), but it is the same measure.

1. When was the Gini Index (same as the Gini Coefficient) highest in England & Wales (the modern UK)? What are possible explanations for why it peaked then and later fell? How does the Gini Index in the UK today compare to its highest level?  
*1801-03. During industrialization, the Gini Index rose and wealth was concentrated in the hands of a few, but over time the gains of industrialization spread to more of the population. It is much lower today than it was then.*
2. What does it mean to say that inequality in English speaking countries has followed a U-shape? Is inequality an inevitable result of industrialization, or do political policies matter?  
*The share of income going to the top 1% fell between 1920 and 1980 but then began to rise again. Tax policies and public programs do have an impact, as the curve is very different in continental Europe and Japan, which are similarly industrialized.*
3. What has happened to the share of income going to the top 1% in continental Europe since 1900?  
*It has fallen over time.*
4. How does the progressive income tax impact the Gini Index in the United States?  
*The income tax decreases income inequality in the U.S.*
5. What is the difference between absolute poverty and relative poverty? What percentage of children in the U.S. live in relative poverty?  
*Relative poverty is calculated based on median income within a country, rather than a fixed amount of income. 20.46%*

6. What has happened to real disposable household income for households in the 1<sup>st</sup> (lowest) decile in the UK since 1979? (Click on “change country”) What has happened to the equivalent group in the United States?  
*In the UK, this has increased. In the U.S. it rose until 2000 and has fallen since then.*
7. Do high income or low income countries tend to have greater inequality?  
*Generally, low-income countries.*
8. In which countries do the top 10% have the greatest share of income?  
*Brazil, Mexico and South Africa are a few of the top ones.*
9. What has happened to the income share held by the top 20% in the U.S. since 1979?  
*It has grown.*
10. Are Gini Indexes rising or falling in Latin America?  
*They are high but falling.*
11. What graph in this website do you find most interesting, and why?  
*Answers will vary.*