



## **INEQUALITY, THE GINI INDEX, GENDER BIAS, AND OTHER RELATED ISSUES**

Michael Chibba\* Independent Scholar, [mchibba\\_cidc@bell.net](mailto:mchibba_cidc@bell.net)

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In this short article I share my perspectives on inequality, including some conceptual and analytical issues, supported by brief examples from the field or country level. The approach followed is therefore three-fold: (i) to offer my perspective(s) on the subject backed-up by, where possible, secondary evidence; (ii) to share complementary research findings of others; and (iii) to integrate my field research and policy work where appropriate. The Gini index, Piketty’s path-breaking findings, ethnic inequality, gender inequality, related concepts – i.e. structural inequality and the concept of “access inequality” – and country examples are integrated in this article.

Inequality is often viewed, albeit mainly by economists, with respect to the Gini coefficient (or Gini index), which is a measure of economic inequality. The Gini Index is usually measured in terms of income, wealth or consumption. It uses a score of 0 to denote perfect equality, and 1 (or 100) for total inequality. Here are some sample numbers to provide a limited snapshot of inequality in the world in terms of both the Gini Index (for economic inequality) and the Mothers’ Index rank (for gender inequality).

### **THE GINI INDEX AND THE MOTHERS’ INDEX RANKINGS FOR SELECTED COUNTRIES**

<b>Country</b>	<b>Year (for Gini Index)</b>	<b>Gini Index</b>	<b>Economic Inequality</b>	<b>Mothers’ Index Rank 2015*</b>
Botswana	2009	60.5	Very high	119
Brazil	2012	53.9	High	77
Canada	2010	33.9	Moderate	20
Chile	2011	52.0	High	48
China	2011	42.6	High	61
Costa Rica	2012	51.0	High	45
Denmark	2010	26.9	Low	4
France	2005	31.7	Moderate	23
India	2013	33.9	Moderate	140
Panama	2012	52.0	High	78
South Africa	2010	63.1	Very high	71
United Kingdom	2010	38.0	Moderate	24
United States	2011	38.9	Moderate	33

Sources: (For the Gini Index) World Bank and OECD, 2011; (For the Mothers’ Index 2015) Save the Children, U.K. Author’s Gini groupings: <30=low; 30-40=moderate; 40-55=high; >55=very high;

\* Out of 179 countries



One important issue about the Gini Index is with respect to the work of the French economist Thomas Piketty (2014), who argues that statistical indices such as the Gini index, mix very different things in estimating inequality (such as labour, consumption, and capital) so that it is impossible to distinguish among the multiple dimensions of inequality. There are also large uncertainties in the measurement of inequality in certain countries, especially China. Moreover, in direct contrast to the conventional view, he asserts it is an illusion to think that rising income or wealth inequality in the world will shrink over time (due to the laws of the market economy). In most cases this simply does not happen, as countries such as Botswana (a middle-income country but with very high inequality, and where I have worked and conducted field research) show ample evidence of this traditional fallacy.

Another complementary perspective is that offered by Alesina, Michalopoulos and Papaioannou (2015), who find that ethnic inequality leads to low levels of development, albeit based on the “Ethnic Gini index”, a measure of inequality between different ethnic groups within a country. A rich and powerful ethnic minority will be biased in its decision-making and takes actions to serve its interests (at everyone else’s expense). This in itself is not a new finding: indeed countless studies have found this to be the case in all countries. The authors of the study also found that in sub-Saharan Africa, ethnic inequality results in poor provision of basic infrastructure, and poor public services hinder economic growth. Furthermore, a country biased in terms of ethnicity will not pursue needed reforms that foster prosperity for all. Notwithstanding, and while contributing to expanding the Gini index’s scope of coverage, the Ethnic Gini index is anchored on an economic perspective, not on a wider one that extends beyond economics to capture a different dimension of inequality.

Gender inequality or how females are unfairly treated in many countries around the globe, is also an important dimension of inequality, but one that is largely ignored by economists, politicians and the elite. In the “Mothers’ Index” compiled in May 2015 by the British charity Save the Children, 179 countries are ranked according to the overall well-being of their women (see table). This index gauges five key variables: maternal health, children’s well-being, educational status, economic status and political status (i.e. participation of women in the national government). While the Mothers’ Index “speaks volumes” on the status of women in different countries, it has its limitations. The main caveats are two-fold: the index does not allow for comparison with the opposite gender; and while it is meaningful with respect to four of the five variables that deal directly with women, it has inherent drawbacks as well. Take violence against women for example. The European Union Agency for Fundamental Rights found in a survey that Scandinavian countries, given their long history of gender equality, reported the highest incidences of violence against



women in the European Union. Nonetheless, the Mothers' Index is a useful index that – taken along with other indices on women – offers a needed perspective on mothers' rights in developed, emerging and developing countries.

Having said this, the Mothers' index rankings are not very encouraging for most developing countries and certain emerging market economies, where women fare poorly in overall gender equality. For example, whereas the Gini index for India from the World Bank suggests that inequality was moderate at a score of 33.9 in 2013, overall gender inequality was very high – India was ranked 140<sup>th</sup> out of 179 countries in the 2015 Mothers' Index. Clearly, in the case of India (and as discussed below for Botswana, South Africa and China), the Gini index is a poor predictor of inequality when it comes to women's issues. To be sure, there are other measures of gender inequality, such as the Social Institutions and Gender Index of the Organization for Economic Cooperation and Development, and the World Economic Forum's Global Gender Gap Index, which should also be consulted along with the Mothers' Index.

This brings us to the academic-sounding concept of “structural inequality”, which is a condition where one category of people in a country is attributed unequal status in relation to other members of society. This type of inequality certainly does prevail in almost all societies in the world. In the United States, it can be argued that Afro-Americans, Latino-Americans, First Nations people (also disparagingly known as aboriginals, natives or Indians), and females in most countries, are examples of structural inequality.

Perhaps equally importantly, both global and national-level inequality, despite some notable advances in health care, education and poverty reduction, have worsened over the past few decades in almost all other directly related areas, such as governmental policy-making, transparency, freedom, housing, employment opportunities, and equality for females. In other words, structural inequality has increased in many countries; and lack of progress in advancing democracy in the world has also negatively impacted on addressing inequality. Furthermore, each country poses a different set of challenges to tackle inequality.

In field research and policy work I oversaw and conducted in Botswana on behalf of the Commonwealth Secretariat and counterparts in Botswana in 2006, and as reported in several peer-reviewed publications since, inequality runs deep in policy work in the government as over half of the nation's population (with a disproportionate share of females as many of the males succumb to AIDS) is disregarded. Decision-making includes only the well-connected, policy-making is not “inclusive”, and local values, mores and cultural systems are totally disregarded in the making of policy. The nation's Statistics Department routinely fails to accurately gather and measure statistics (for example, in ignoring various rural populations and



in showing gender bias in gauging the Consumer Price Index). In short, inequality in various aspects of policy-making, stakeholder consultations, financing, measurement and representation on committees and boards, is high. I call this “access inequality”.

Botswana does slightly better in gender equality (especially compared to its dismal Gini co-efficient score), with a Mothers’ Index (2015) rating of 119<sup>th</sup> out of 179 countries. Nonetheless, on the whole, the *status quo* has not and will not change on inequality in Botswana unless there is critical reform or a “call to action” to tackle the various forms of bias and injustice.

A similar situation prevails in South Africa, though the context – the legacy of apartheid in particular – and the scope of policies followed to date paint a very different picture to that of Botswana (for details, see Chibba and Luiz, 2011). Rated as one of the worst countries in the world in terms of the Gini Index, South Africa fares much better in terms of gender equality – the Mothers’ Index (2015), places South Africa at 72<sup>nd</sup> spot out of 179 countries.

If one turns to China, the most populous country on earth, an interesting case of gender inequality surfaces. In Chinese society, males are favoured at birth. This cultural idiosyncrasy, coupled with the official birth-control policy (now 22 years old) of one child per family, has resulted in a shortage of females in China. According to one observer: “The one-child policy has been a disaster in every dimension, including 30 million baby girls succumbing to sex-selective abortion and infanticide, prompting one male academic to suggest polyandry as the only solution to the country’s lopsided demographics. Unsurprisingly, the general reaction of women in China was not enthusiastic.” (Robson 2015)

The Chinese government has announced a new policy (pending approval of appropriate legislation) that calls for a maximum of two children per family. This is not expected to change the gender bias significantly. Women will still carry the burden of responsibility if the birth-control policy is not strictly followed. Forced abortions, and even infanticide in certain cases, will continue to be the norm for those who fail to follow the new policy and related laws. Despite this abhorrent policy (and promise of a new policy), China is ranked 61<sup>st</sup> out of 179 countries for its overall Mothers’ Index rank for 2015 (note, however, that China has a relatively high Gini index; and, as I have noted frequently elsewhere, data from China is often not reliable as it is neither transparent nor verifiable).

The Mothers’ Index, and indeed all of the above, suggests that it’s time we stopped looking at the Gini index as the gold standard and instead developed a key set of indicators that reflect the various forms of inequality that exist. Beyond



methodological considerations, and to move towards such an objective, actionable prescriptions need to be developed on the global stage and implemented at the national level by each country. Support from, and monitoring by, global institutions, such as the United Nations, would help in formulating actionable and inspirational goals and objectives, similar to those developed for the Millennium Development Goals.

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## \*About the author

**Michael Chibba** is a Canadian who is a world renowned economics, business, management and development expert who possesses over 35 years of related experience globally. During his long career, he has worked for all forms of organizations, including international institutions, governments (national and provincial), private sector firms (consulting, retail, manufacturing, and lobbying), universities and research institutes, and NGOs. In addition, he has published widely in over 25 scholarly and practice-based journals, and he has taught at universities and government institutions. Moreover, he possesses solid experience in management, policy/strategy development, public sector issues and business matters. Michael is a graduate of York University, the University of Ottawa, Johns Hopkins University and Harvard. He is trilingual (English, French and Spanish).

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