

Economic Inequality and Income Distribution

Lecture 2-3

EE461 – 2/2021

Chayanee Chawanote

Outline 2-3: COVID-19 and Inequality, and related issues

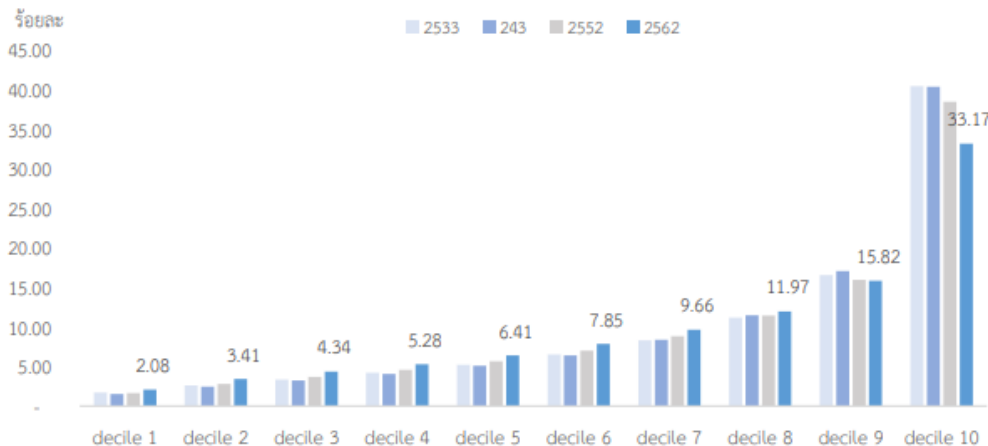
- The World inequality
 - WIR2022 (Review Lecture2-1)
<https://wir2022.wid.world/executive-summary/>
- Thailand inequality
- COVID-19 and inequality
 - Brainstorm activity
 - Overview impacts
 - Within country

Thailand Inequality

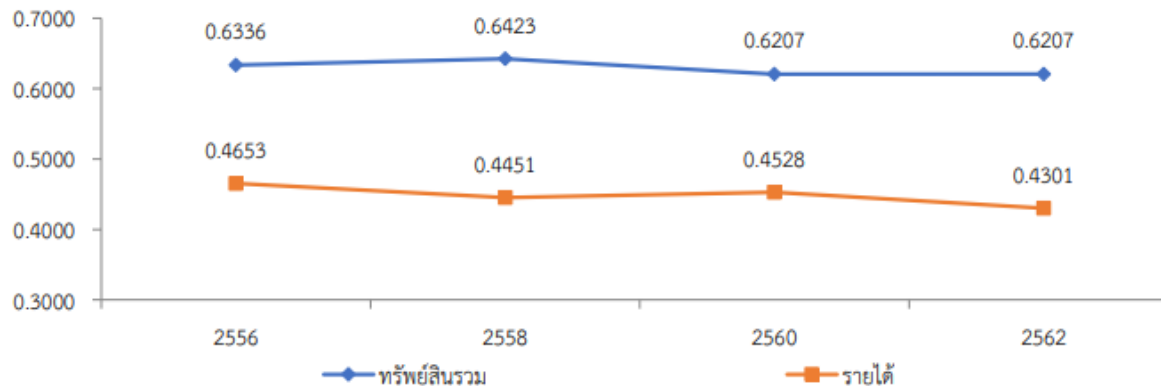
- Report by NESDC (in Thai) :

https://www.nesdc.go.th/ewt_dl_link.php?nid=10772

Income share by decile of income 1990, 2000, 2009, 2019



Gini coefficients on income (orange line) vs. asset (blue line) 2013-19



ที่มา : ข้อมูลจากการสำรวจภาวะเศรษฐกิจและสังคมของครัวเรือน สำนักงานสถิติแห่งชาติ ประมวลผลโดยกองพัฒนาข้อมูลและตัวชี้วัดสังคม สศช.

- P90/P10 = 15.95
- Decreasing inequality trend up to 2019
- Gini (UN data): 36.4
- Caution: SES data cannot capture those top1% richest. We likely see lower value of inequality from the data, except that we adjust the right tail of income distribution

COVID-19 and Inequality

Breakout room activity:

- 15 mins brainstorm
- In what way do you think COVID-19 affect or relate to inequality?
 - Across countries
 - Within country
- Back to main room and present each group discussion

COVID-19 and Inequality



The wealth of the 10 richest men has doubled, while the incomes of 99% of humanity are worse off, because of COVID-19.¹



March 2020



November 2021

10 richest men

The World Bank projects that the incomes of the top 20% of humanity will have bounced back—recovering nearly half of what they lost in 2020—while the poorest two deciles are expected to lose a further 5% of their income in 2021.²⁶⁴

TOP 20%

POOREST



New billionaire minted every 26 hours, as inequality contributes to the death of one person every four seconds

The world's ten richest men more than doubled their fortunes from \$700 billion to \$1.5 trillion—at a rate of \$15,000 per second or \$1.3 billion a day

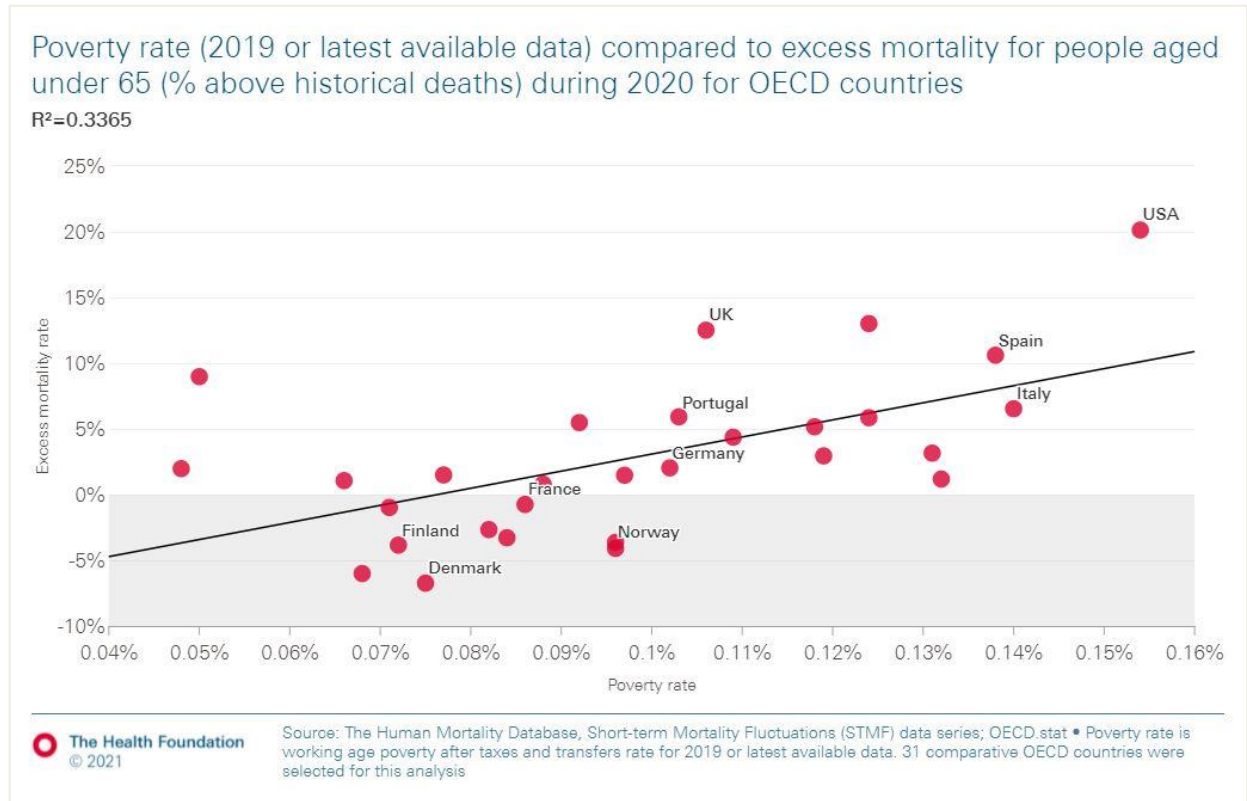
252 men have more wealth than all 1 billion women and girls in Africa and Latin America and the Caribbean, combined.



<https://www.oxfam.org/en/press-releases/ten-richest-men-double-their-fortunes-pandemic-while-incomes-99-percent-humanity>

COVID-19 and Inequality: Health

Note: **Excess mortality** is defined as the difference in the total number of deaths in a crisis compared to those expected under normal conditions. COVID-19 excess mortality accounts for both the total number of deaths directly attributed to the virus as well as the indirect impact, such as disruption to essential health services or travel disruptions.

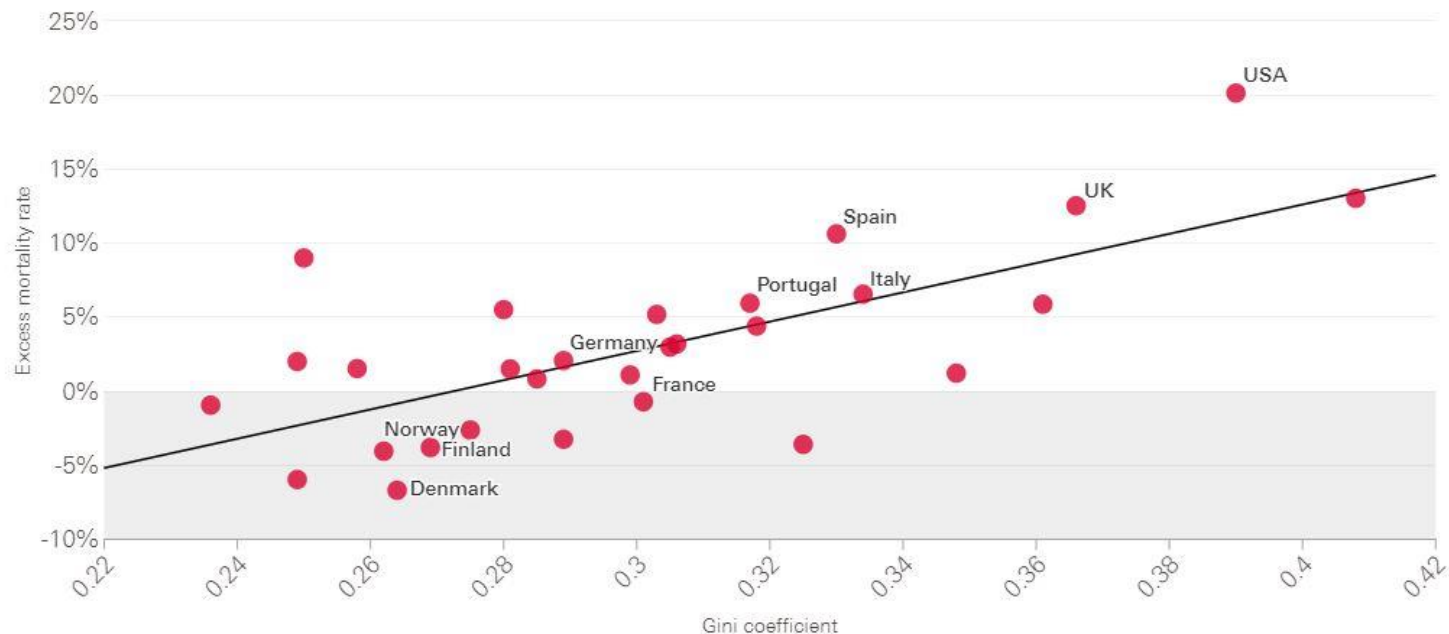


In 2020, countries with higher working-age poverty rates were more likely to have higher levels of excess mortality for people aged under 65.

COVID-19 and Inequality: Health

Gini coefficient (2019 or latest available data) compared to under 65 excess mortality (% above historic deaths) during 2020 for OECD countries

$R^2=0.4879$



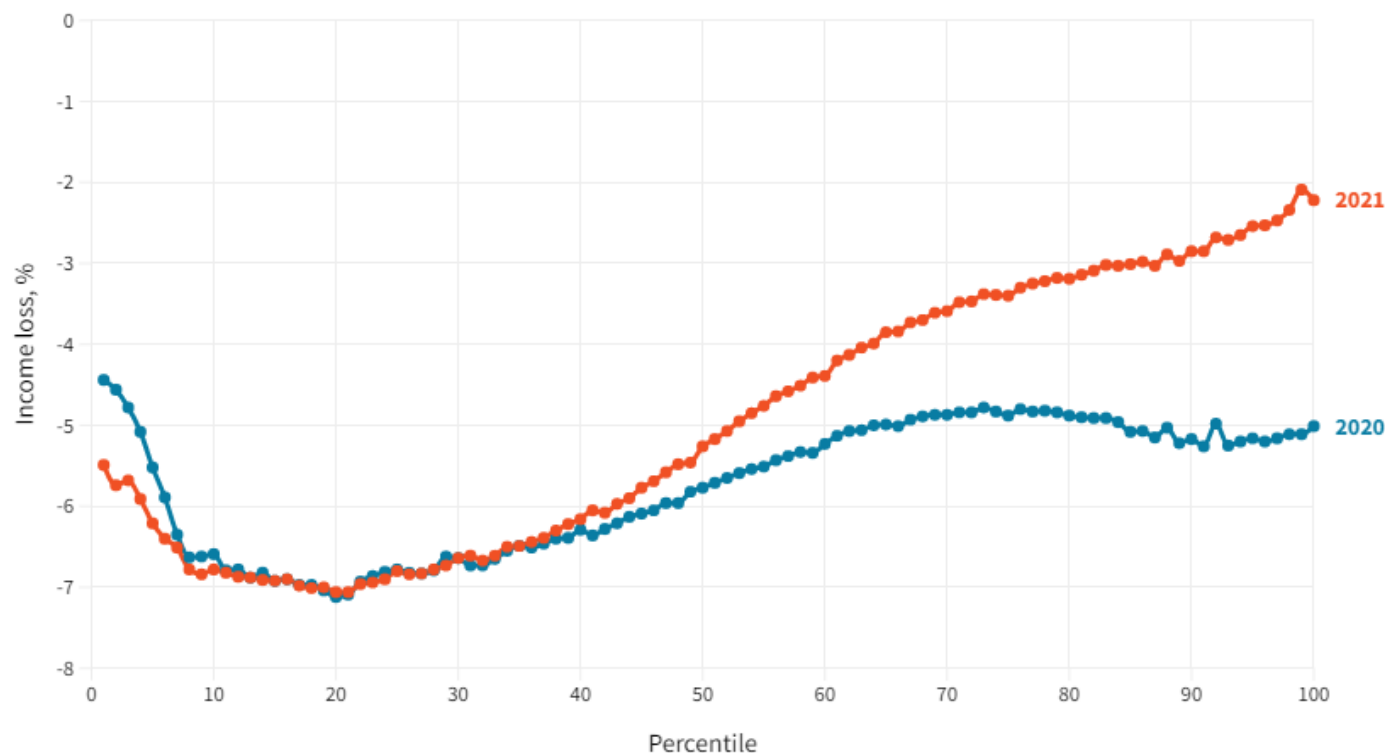
 The Health Foundation
© 2021

Source: The Human Mortality Database, Short-term Mortality Fluctuations (STMF) data series; OECD.stat • The Gini coefficient is based on the comparison of cumulative proportions of the population against cumulative proportions of income they receive, and it ranges between 0 in the case of perfect equality and 1 in the case of perfect inequality. 31 comparative OECD countries were selected for this analysis

Countries that had higher levels of income inequality for people aged 0–64 in 2019 also tended to have higher levels of excess mortality for people aged under 65 in 2020.

COVID-19 and Inequality: Income losses

Figure 1: Global income losses due to the COVID-19 pandemic



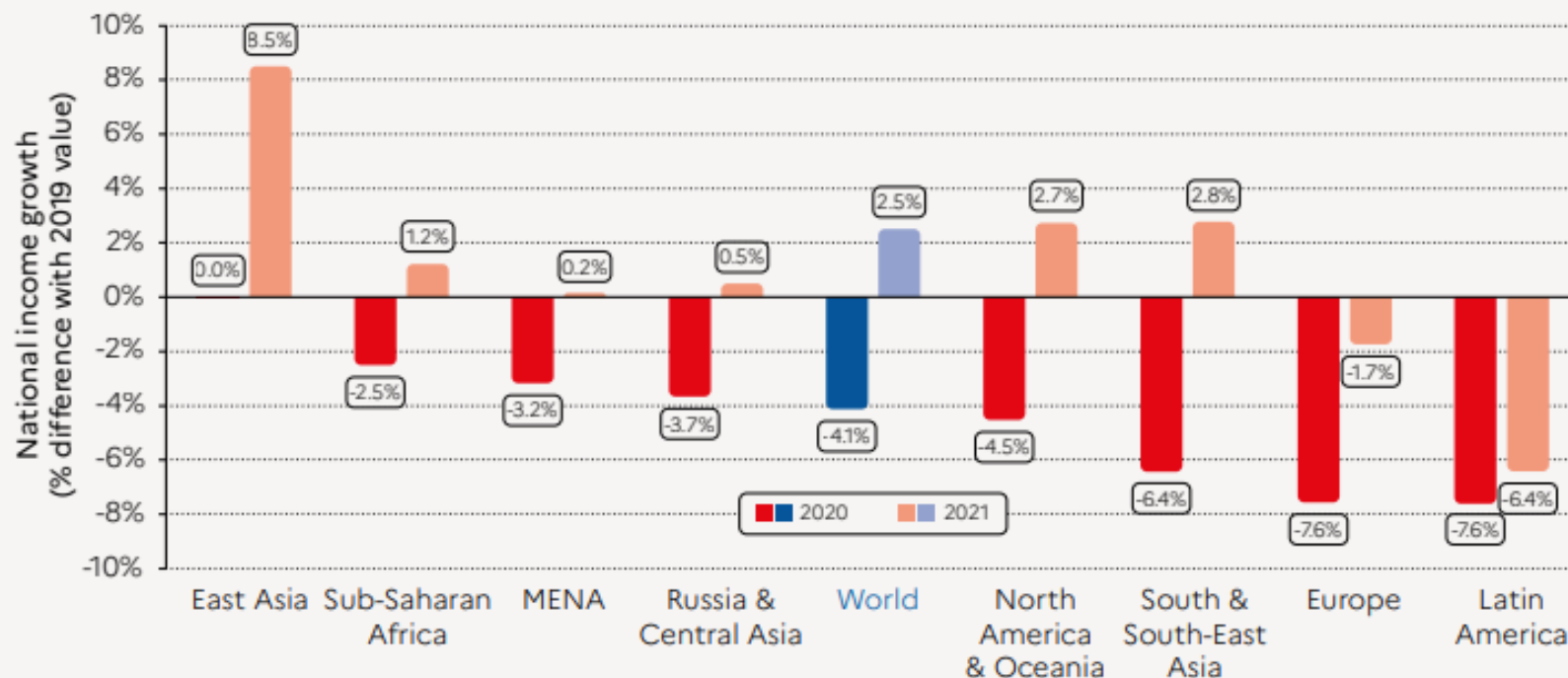
Source: [PovcalNet](#), [Global Economic Prospects](#).

Note: This chart shows the loss in income for each percentile of the global personal income distribution due to the COVID-19 pandemic. The loss in income is the percent difference in income between the COVID-19-induced projection and the projection without COVID-19. The horizontal axis ranks the lowest earners (on the left) to the highest earners (on the right). For a comparison of how the estimates are affected using various growth vintages, see <https://public.flourish.studio/visualisation/7282301/>.

<https://blogs.worldbank.org/opendata/covid-19-increasing-global-inequality>

COVID-19 and Inequality: Income losses

Figure B1.1 Impact of the Covid-19 recession across world regions, in 2020-2021



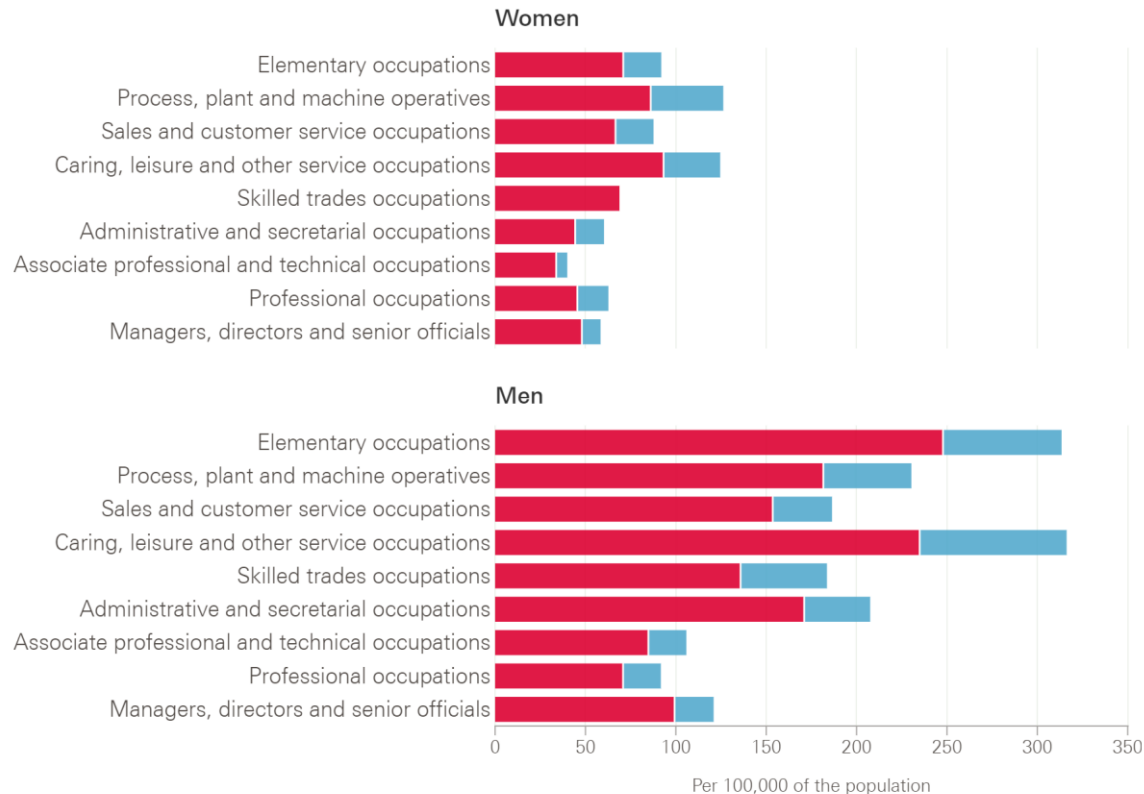
Interpretation: In 2020, national income in Europe decreased by 7.6%, compared with 0% in East Asia. In 2021, national income in East Asia grew by 8.5% compared with 2019 values. **Sources and series:** wir2022.wid.world/methodology

Ref: Box 1.4 WIR2022

COVID-19 and Inequality: within country (individual impact)

COVID-19 mortality rates by occupation and sex England and Wales, March to June 2020

■ Infection acquired before first national lockdown
■ Infection acquired during first national lockdown

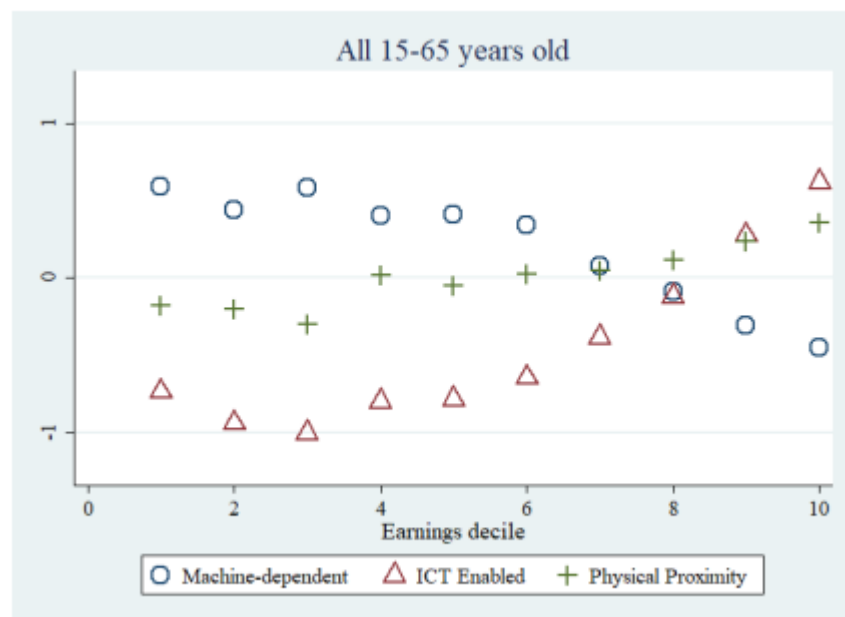


Relative reduction in the COVID-19 mortality rate was higher in occupations where people are less likely to work from home and for those who tended to work in shut down sectors.

COVID-19 and Inequality: Job related

Ref: <https://www.pier.or.th/dp/133/>

Job's characteristics to income decile

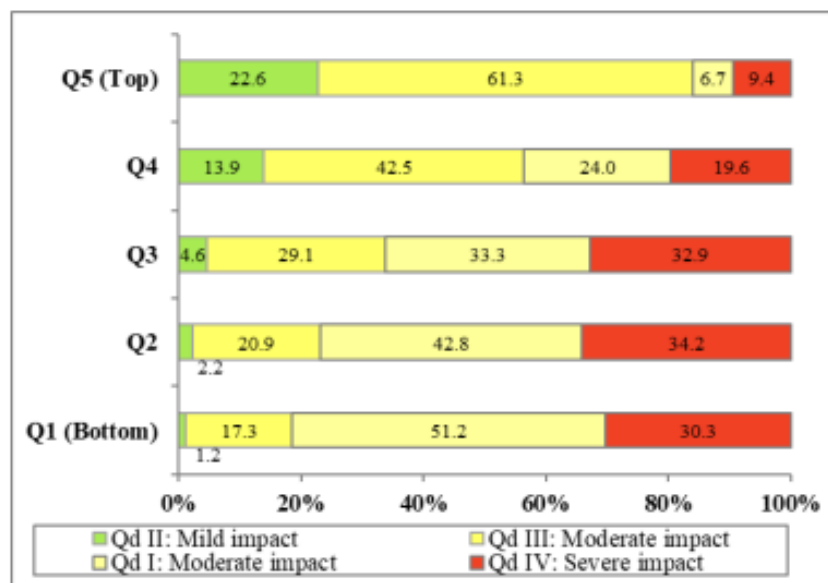


Work Location Flexibility	Physical Proximity	
	Low	High
High	Quadrant II: Mild impact	Quadrant I: Medium impact
	Sociologist	Human resources manager
	Programmer	Fitness manager
	Website developer	Business strategy manager
	Economist	Information coordinator
	Financial advisor	Head hunter
	Legal councillor	Secondary school teacher
Low	Quadrant III: Medium impact	Quadrant IV: Severe impact
	Garment factory worker	Cleaner
	Metal worker	Restaurant server
	Planter, Grower	Travel organiser
	Construction worker	preschool teacher
	Machine controller	Tour guide
	Production worker	Dentist
	Painter and polisher	Veterinarian

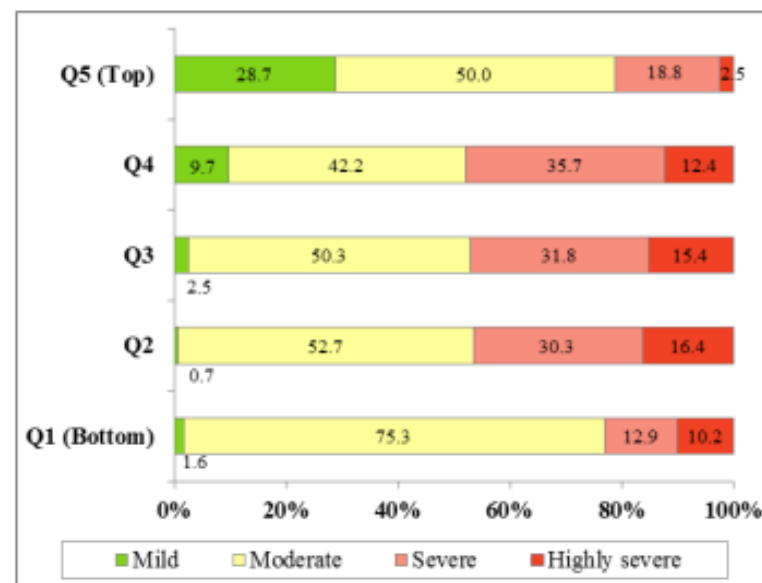
Notes: The impact level is derived based on the interactions of work location flexibility and physical proximity.

Notes: The figure shows average score in each factor index along the earnings distribution. The horizontal axis is the ranking position of individual wage earners on the earnings distribution of all wage earners observed in the LFS 2019, quarter 3.

COVID-19 and Inequality: Job related



Individuals

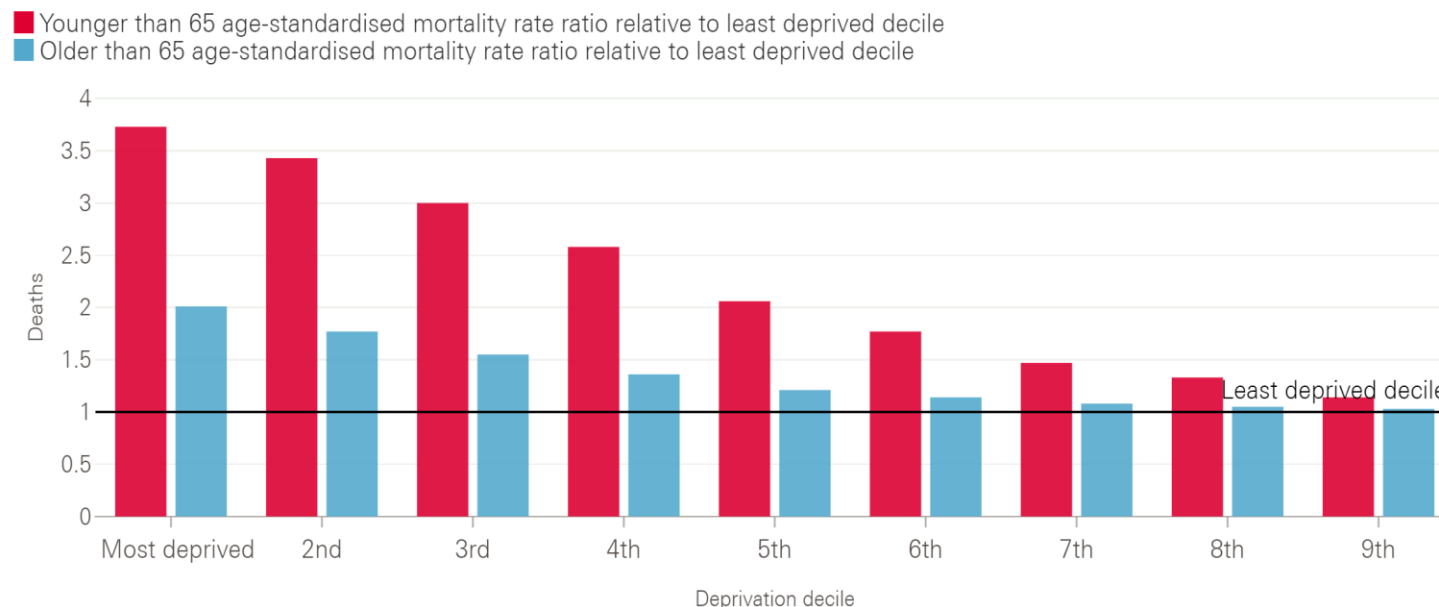


Married couples

Notes: The left panel shows the proportion of wage earning individuals by the derived impact level (based on the interactions of work location flexibility and physical proximity) for each earnings quintile. The right panel shows the proportion of married couples in wage earning employment by the derived impact level. 'Mild' is for households with both spouses' jobs in quadrant II; 'moderate' when no spouse's jobs in quadrant IV; 'severe' when one spouse's job in quadrant IV; 'highly severe' when both spouses' jobs in quadrant IV. For both panels, the ranking position is based on the earnings distribution of all wage earning individuals observed in the LFS 2019 (quarter 3).

COVID-19 and Inequality: area related

Age-standardised mortality rates for deaths due to COVID-19, deprivation decile relative to the least deprived decile by age
England, March 2020 to May 2021



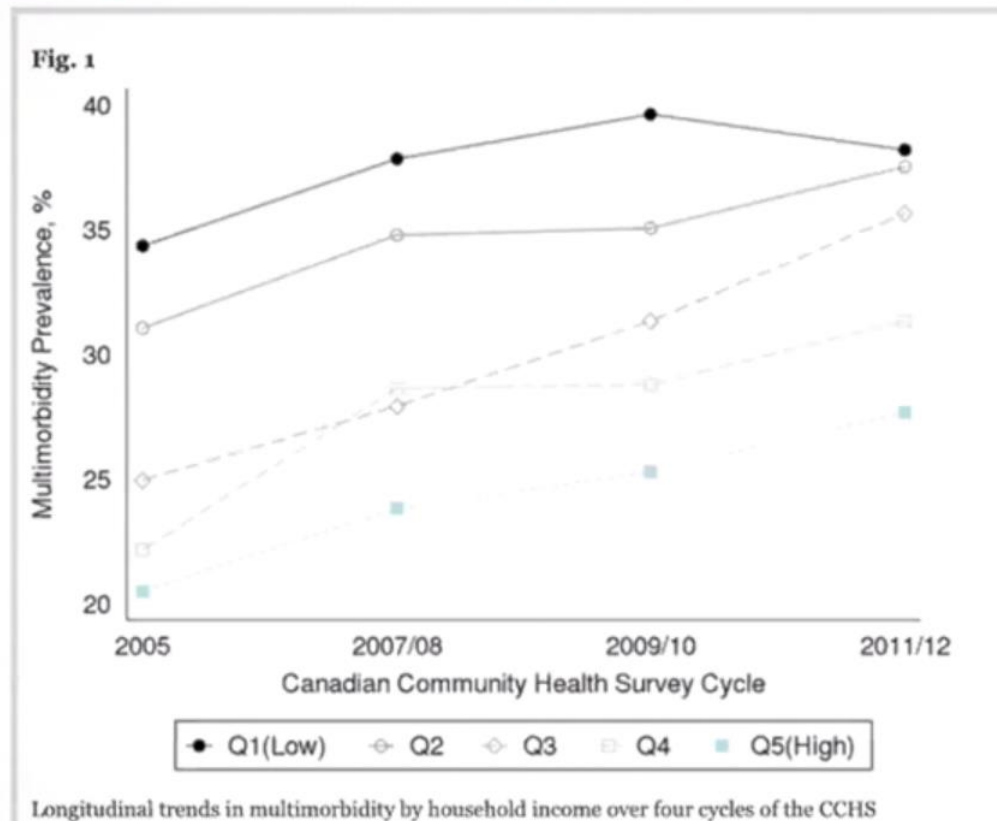
- COVID-19 mortality rates were higher among those from more deprived areas than among those from less deprived areas.
- This differential was higher for those aged under 65.

COVID-19 and Inequality: health related

Inequality and health: income and chronic disease

INSE

Income quintile and 17 high impact chronic conditions



Source: Mondor et al, 2018

Other aspects of COVID-19

- Violence (esp. to female)
- Ethnicity

For every three months of lockdown, there would be an additional

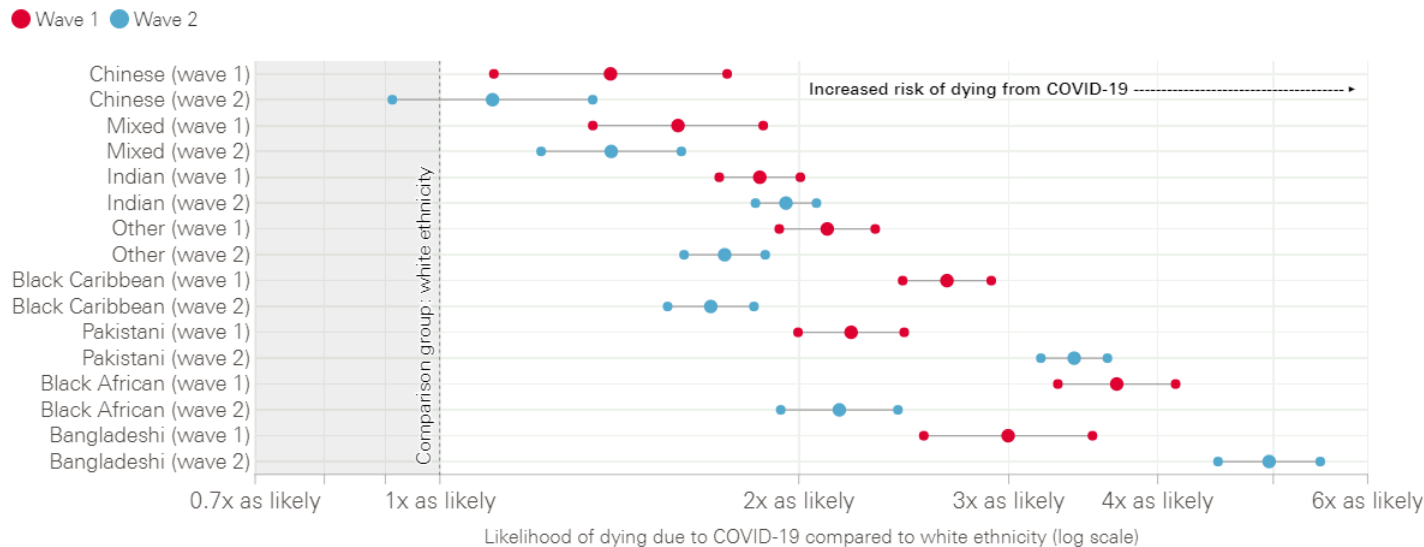
15 MILLION CASES

of intimate partner violence.²²⁵

<https://www.unfpa.org/resources/impact-covid-19-pandemic-family-planning-and-ending-gender-based-violence-female-genital>



Male risk of COVID-19 mortality relative to those of white ethnicity, England, January 2020 to March 2021



Another finding:

Compared with UK-born white British people, all migrants from ethnic minority communities were three times more likely to experience job loss.