

Visualization: Motivating a question

UCLA Soc 114

Can inequality make people better off?

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1. unequal rewards motivate work and innovation

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1. unequal rewards motivate work and innovation
2. work and innovation make everyone better off

Can inequality make people better off?

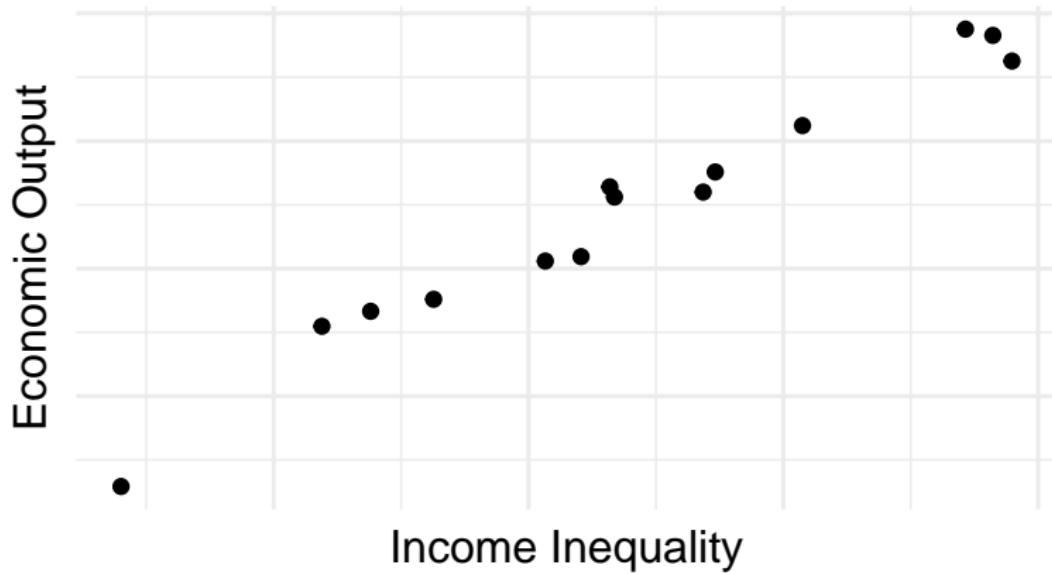
An argument that it does:

1. unequal rewards motivate work and innovation
2. work and innovation make everyone better off

What kind of data might support (or contradict) this argument?

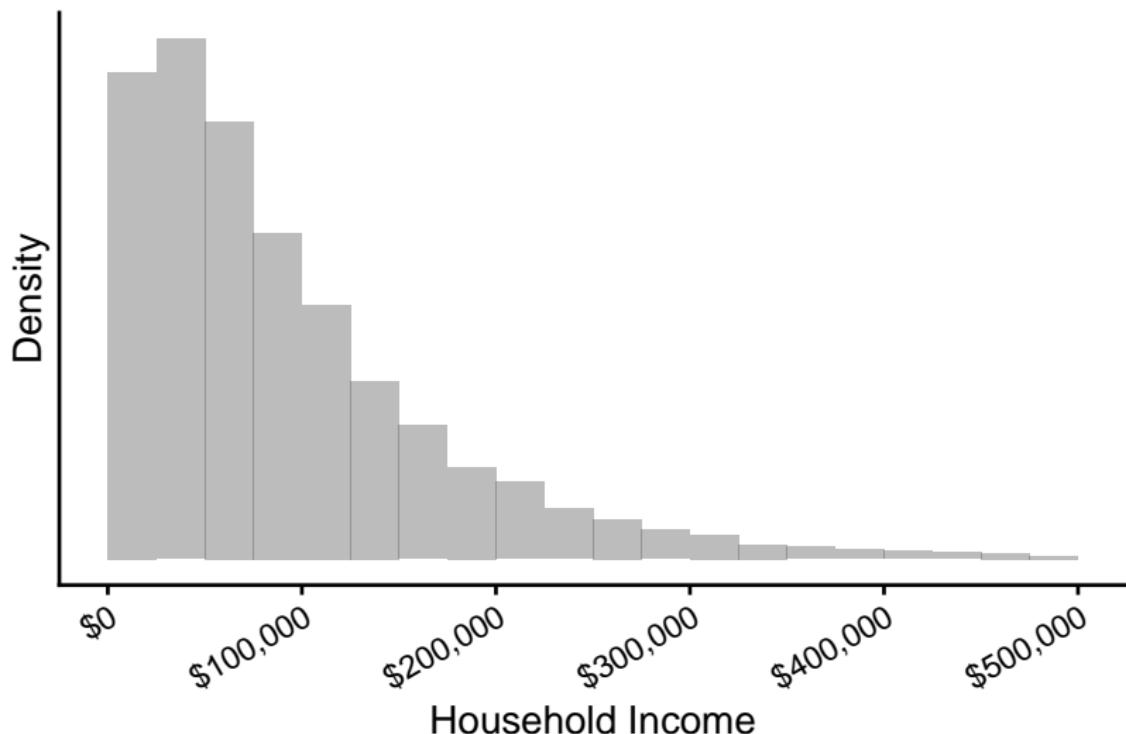
Can inequality make people better off?

Each dot is a country (hypothetical data)



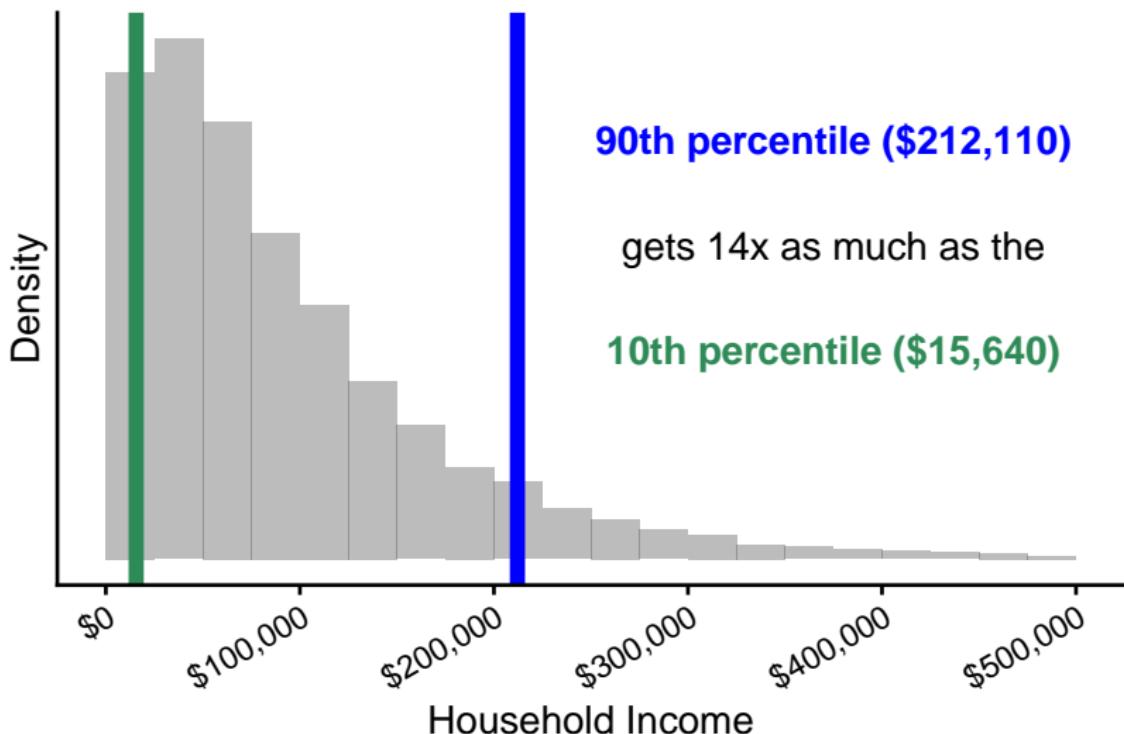
Defining concepts: Income inequality

2022 Annual Social and Economic Supplement to the Current Population Survey (U.S. households)



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$$90/10 \text{ income ratio} = \frac{\text{90th percentile}}{\text{10th percentile}} = \frac{212,110}{15,640} = 13.6$$

Defining concepts: Economic productivity

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Gross Domestic Product Per Capita

= (Total Economic Production) / (Number of People)

Two theories: Two possible graphs

Theory 1)

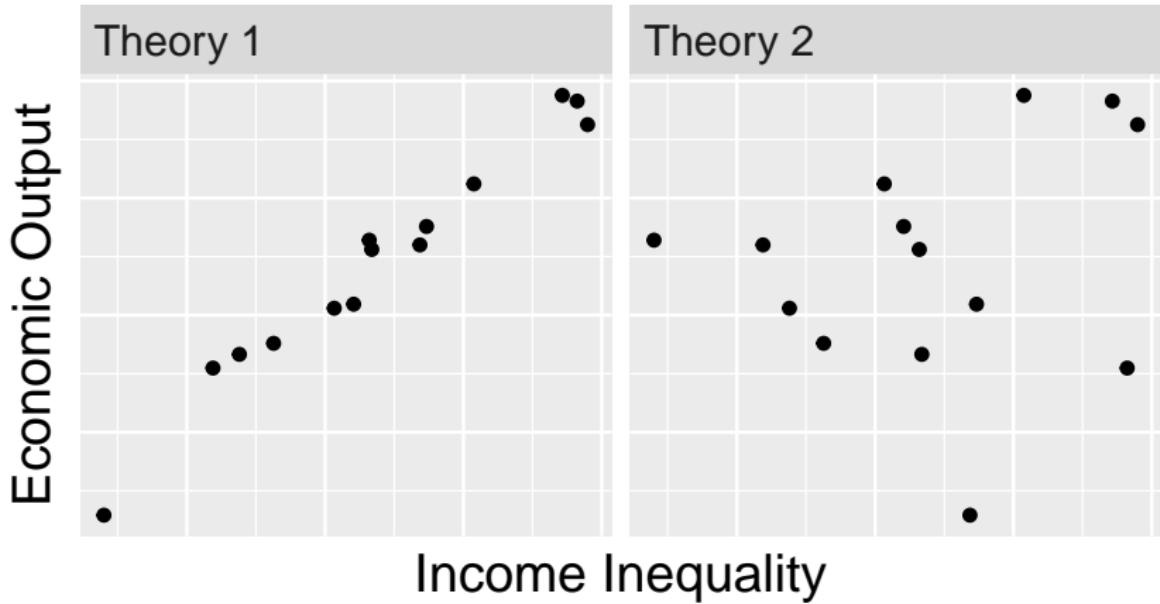
Countries with more inequality have more economic output

Theory 2)

Inequality and economic output are unrelated

Two theories: Two possible graphs

Each dot is a country



Real data: Jencks 2002 Table 1

```
table1 <- read_csv(  
  "https://soc114.github.io/data/jencks_table1.csv"  
)
```

Real data: Jencks 2002 Table 1

	country	ratio	gdp	life_expectancy
	<chr>	<dbl>	<dbl>	<dbl>
1	Sweden	2.6	0.68	78.9
2	Finland	2.7	0.68	76.6
3	Norway	2.8	0.85	77.8
4	Denmark	2.9	0.79	75.4
5	Netherlands	3.2	0.75	77.5
6	Germany	3.2	0.71	76.6
7	Belgium	3.2	0.74	76.4
8	France	3.5	0.66	78.4
9	Switzerland	3.6	0.84	78.5
10	Italy	4.8	0.67	77.6
11	Canada	4	0.78	78.2
12	Australia	4.3	0.75	78
13	UK	4.6	0.67	77
14	US	5.6	1	75.7