

# **Is Wealth inequality justified?**

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# **Contents**

<b>1. Abstract.....</b>	<b>2</b>
<b>2.1. Is Inequality Inevitable?.....</b>	<b>3</b>
<b>2.2. Why This Topic?.....</b>	<b>3</b>
<b>2.3. The Ripple Effects on Society.....</b>	<b>3</b>
<b>2.4. Proponents Of Free-Market.....</b>	<b>3</b>
<b>2.5. Balancing Wealth and Liberty.....</b>	<b>4</b>
<b>2.6. Literature Review.....</b>	<b>4</b>
<b>3. Methodology.....</b>	<b>5</b>
<b>3.1. Research Approach.....</b>	<b>5</b>
<b>3.2. Data Collection.....</b>	<b>5</b>
<b>4. Results and data analysis.....</b>	<b>6</b>
<b>5. Discussion and Conclusions.....</b>	<b>10</b>
<b>6. Recommendation.....</b>	<b>12</b>
<b>7. PDP Summary.....</b>	<b>13</b>
<b>8. Appendices.....</b>	<b>14</b>
<b>9. References.....</b>	<b>18</b>

## **1. Abstract**

This research delves into the ethical considerations surrounding wealth inequality, aiming to provide a comprehensive evaluation of its justification. Through a combination of theoretical frameworks and empirical evidence, the study scrutinizes the economic and social aspects of wealth distribution. By synthesising insights from economics and sociology the research delves into the underlying mechanisms driving wealth inequality and assesses its implications for societal well-being, justice and mainly advancements as a civilization.

### **Keywords**

Wealth inequality

Income inequality

Gini coefficient

## **2. Introduction**

### **2.1. Is Inequality Inevitable?**

According to Corrado Gini, who developed the Gini Coefficient, the concentration of wealth is likely to vary across different populations due to their diverse living conditions. It is practically implausible to envision a human society where every individual has equal income, wealth, or any other characteristic uniformly distributed (Gini, 1927).

### **2.2. Why This Topic?**

Wealth inequality is a pervasive and contentious issue in modern society, prompting debate and scrutiny across various disciplines. As economies evolve and global wealth accumulates, questions arise regarding the fairness and ethical implications of the distribution of resources. This research endeavours to delve into the multifaceted dimensions of wealth inequality, exploring its underlying causes, societal ramifications, and the moral arguments surrounding its justification.

### **2.3. The Ripple Effects on Society**

One aspect underpinning the discussion on wealth inequality is its impact on social cohesion and stability. Studies by Wilkinson and Pickett (2009) have shown a correlation between high levels of inequality and increased social unrest, highlighting the potentially destabilizing effects of disparities in wealth distribution.

Furthermore, Stiglitz (2012) posits that extreme inequality can impede economic growth by limiting access to education and opportunities for upward mobility, thus perpetuating cycles of poverty.

### **2.4. Proponents Of Free-Market**

Conversely, proponents of free-market ideologies argue that wealth inequality is a natural byproduct of meritocratic systems, where individuals are rewarded for their talents, efforts, and entrepreneurial endeavours. Friedman (1962) contends that unequal outcomes incentivize innovation and productivity, driving economic progress and

benefiting society as a whole. Additionally, proponents argue that attempts to forcibly redistribute wealth through taxation may stifle economic incentives and hinder overall prosperity (Mankiw, 2013).

## 2.5. Balancing Wealth and Liberty

However, concerns persist regarding the ethical implications of extreme wealth concentration. Rawls (1971) proposes the concept of "justice as fairness," asserting that inequalities are only justified if they benefit the least advantaged members of society. From this perspective, wealth redistribution through progressive taxation and social welfare programs becomes a moral imperative to rectify systemic injustices and ensure equality of opportunity for all citizens however he has also said that "Society should maximize individual liberty, limited only by the condition that one person's liberty does not infringe upon another's".

## 2.6. Literature Review

Considering these divergent viewpoints, this research aims to critically evaluate the arguments for and against the justification of wealth inequality, considering its economic, social, and ethical dimensions. By examining real-world evidence and philosophical perspectives, this study seeks to contribute to a better understanding of wealth distribution and inform policy discussions aimed at fostering a better well-informed society.

### **3. Methodology**

#### **3.1. Research Approach**

**Research Approach:** Utilize a mixed-methods approach to combine qualitative and quantitative data for a comprehensive analysis.

**Research Type:** Employ an exploratory and evaluative research design to investigate the perspectives on wealth inequality and its justification.

**Sampling Strategy:** The sample rate will be 30(min). The participants are going to represent various wealth brackets, age groups, and geographical locations, and will also be taken according to their employment.

#### **3.2. Data Collection**

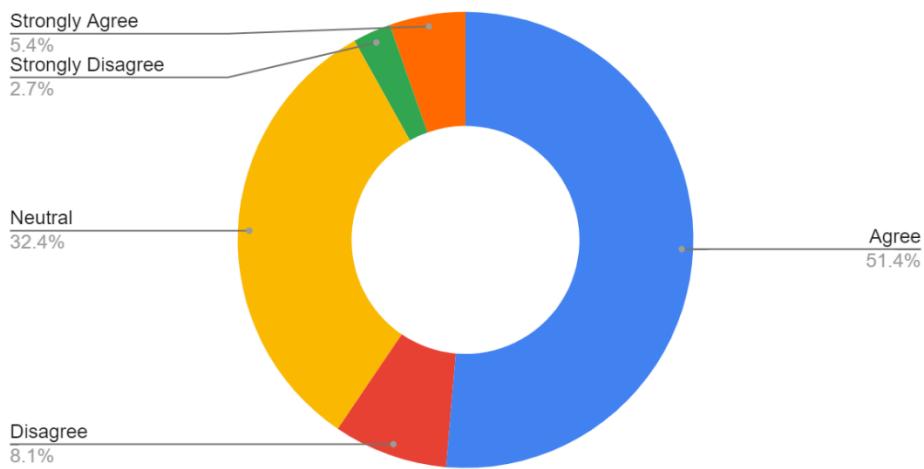
**Instruments and Materials:** Develop survey questionnaires, interview guides, and data collection protocols tailored to explore perceptions of wealth inequality and its justification. Additionally, a "Short Answer" question type is included in the survey to collect respondents' views.

**Data Collection Procedures:** Surveys are administered through online platforms, particularly Google Forms, to ensure accessibility for respondents. The purpose of collecting net worth information is clearly explained to participants, and assurances of confidentiality are provided. The survey administration process is monitored to prevent duplicate submissions and maintain data integrity.

## 4. Results and data analysis

**Fig 4.1**

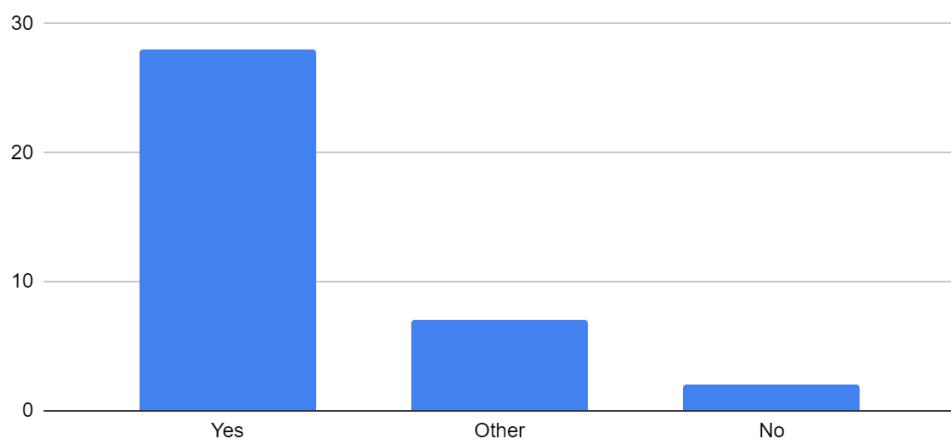
Count of Is it justifiable to have some degree of wealth inequality?



**Fig 4.1** Indicates that 51.4% of participants agreed that some level of wealth inequality is justified and 32.4% is neutral.

**Fig 4.2**

Count of Would you say that your desire to make more money and create a better life is the reason you would peruse higher...



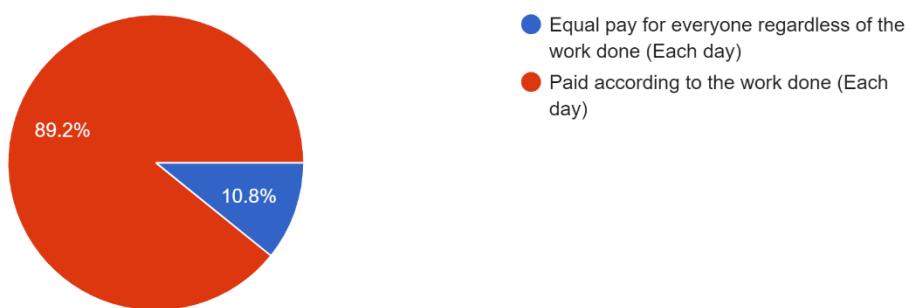
Count of Would you say that your desire to make more money and create a better life is the reason...

**Fig 4.2** shows that 75.7% of the participants agree that the reason they would go for higher studies or to create a business is because of the desire to make more money and create a better life.

### Fig 4.3

CASE 1 Let's say you are a farmworker who worked twice as hard as your peers and ploughed more land than your peers how would you like to get paid?

37 responses

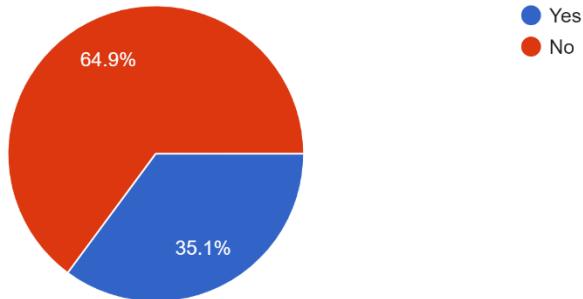


**Fig 4.3** Shows that 89.2% of the participants prefer to be paid according to the work done. The other 10.8% want equal pay regardless of the work done.

### Fig 4.4

CASE 2 Let's consider this scenario: You have spent four years obtaining a degree and have landed a job in the tech sector with good grades. Meanwhil...rate to help people like him be more equal to you?

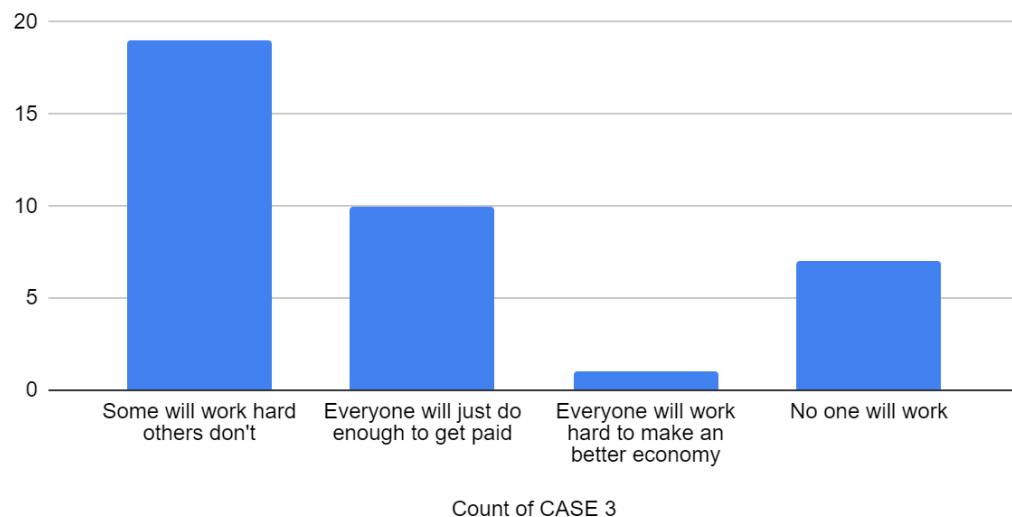
37 responses



**Fig 4.4** Shows that 64.9% of participants do not want to be heavily taxed for the mistakes of their peers, while 35.1% are willing to be heavily taxed for the sake of equality among peers.

**Fig 4.5**

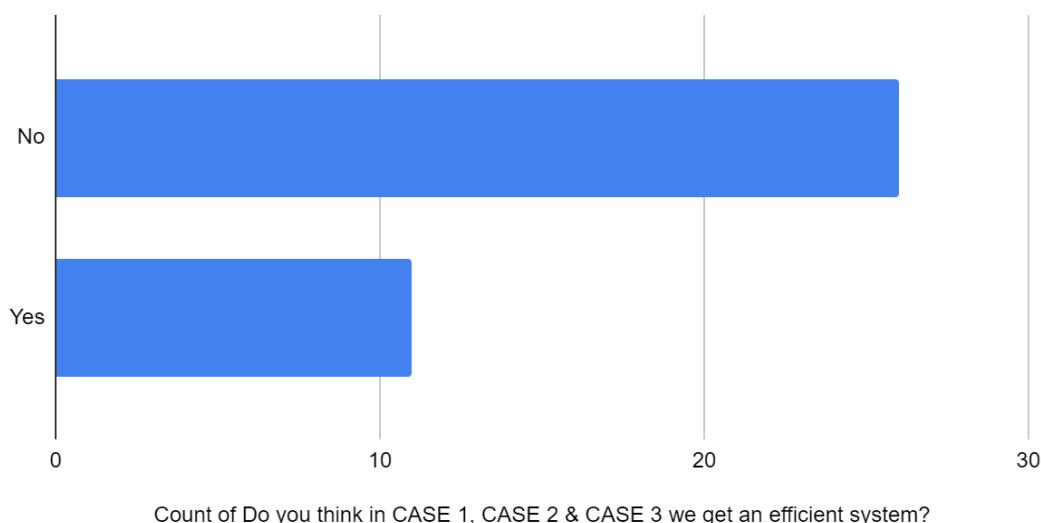
Count of CASE 3  
Let's consider a hypothetical scenario where everyone is pai...



**Fig 4.5** Indicates that 51.4% of the participants believe “Some will work hard others don’t”. 27% believe that “Everyone will do enough to get paid”. Another 18.9% believe that “No one will work”. At last, 2.7% believe that “Everyone will work hard to make a better economy”.

**Fig 4.6**

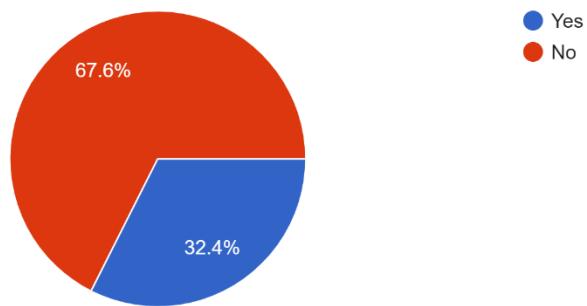
Count of Do you think in CASE 1, CASE 2 & CASE 3 we get an efficient system?



**Fig 4.6** Shows that 70.3% of participants believe the economy would not work efficiently, while 29.7% believe it would.

**Fig 4.7**

Are you ready to live in a world were all the CASES(1,2,3) are true  
37 responses



**Fig 4.7** Shows that Out of all participants, 67.6% are not willing to live in a hypothetical world where CASE (1,2 & 3) is true, while 32.4% are willing.

## 5. Discussion and Conclusions

Fig 4.2 clearly shows that a significant majority (75.7%) of the respondents are pursuing higher education or the creation of a business with the desire to make more money and improve their quality of life. This finding suggests that financial motivation is a key driver for individuals seeking to advance their socioeconomic status through academic achievement or entrepreneurship, both of which are good for the economy. The aspiration for wealth, in this context, can be seen as a justified and rational pursuit.

According to case 1 from Fig 4.3, most of the participants (89.2%) agreed that payment for work should be based on the amount of work done. This result was expected and highlights that some level of wealth inequality is justifiable due to inherent differences between individuals. Corrado Gini, the inventor of the Gini coefficient, noted that a society can't achieve a perfectly equal distribution of income or wealth Corrado Gini, (1927). To illustrate this point, consider two farmers who are paid 0.50 pounds per square meter of land ploughed. Farmer (A) Plows 1 acre and earns 2023.438 pounds, while Farmer (B) only Plows 0.5 acres and earns 1011.714 pounds. Although there is income inequality, both farmers are paid according to the amount of work they complete, which is fair. In the real world, many other factors come into play, such as skill level and supply and demand in the job market, which influence pay. This is the reason why fast-food workers are often paid less than software engineers. Fast-food workers are easily replaced due to the lack of specialized skills required for their job, whereas software engineers possess a high level of expertise and are harder to replace. This is a basic economic principle that helps to make the market more efficient.

In Fig 4.7 Approximately 70.3% of respondents answered “No,” indicating doubt about the efficiency of these cases, while 29.7% answered “Yes.” The reason most said “Yes” is because Incentives like high wealth, income & higher living standards play a crucial role in economic systems. They encourage individuals to work

hard, innovate, and invest. Wealth inequality provides incentives for hard work and innovation. Without substantial rewards for exceptional performance, there might be a lack of motivation to strive for excellence, leading to stagnation in economic development and technological advancement. Even in historical context Communist experiments, aiming for extreme equality, often resulted in economic disaster, reinforcing the importance of incentives.

In case 3 the participants were given 4 options 51.4% voted that some would work hard others wouldn't 27% voted that everyone would just do enough to get paid. 18.9% voted that no one will work and only 2.7% voted that everyone will work hard to make an economy better. It doesn't matter the first 3 responses because all three points to the same outcome that is in an economy where there is no reward regardless of the work done or skills people are not going to be productive. Because there is no incentive for them to be productive.

In case 2 when given a choice to make everyone equal regardless of the work or skill they have majority of the participants chose No. and this is fair because as one can see from the example not all people are the same some work hard or are more motivated or people have different goals in life. Which all contribute to wealth inequality. When asked if one is willing to live in a hypothetical world were cases 1,2 & 3. Most (67.6%) of the participants said yes which was expected because people who are not rewarded for their work are not going to work. This will lead loss in efficiency in markets and will decrease the entrepreneurship of the citizens as history has shown us it's not good just take the example of the Soviet Union which was dissolved on 26 December 1991. And in China, they mostly ditched the idea of communism and socialism, and this is evident in their economic growth. In 1990 the Gini coefficient of China was at 32.2% then it skyrocketed to a high of 43.7 (2010) and is now at 37.2 (2020 latest data) in the whole time frame the wealth inequality jumped tenfold. This coincided with their economic growth the GDP stood at 360.9 billion USD (1990) and now it stands at 17.96 trillion (2022). The country has high inequality, but that's because more people are now way better off than if they stayed on their old path of equality.

Another major example is Argentina once one of the fastest growing countries with the highest growth in Latin America then they government tried to implement socialist reforms with protectionism which was followed by bad management of the economy which led to mass unemployment, high poverty, high inflation and a crippling economy and On 22 October, Milei advanced to the runoff, in which he faced Massa, in what polls showed to be a tight race. In the runoff on 19 November, Milei defeated Massa in a landslide, and in what was called a historic election. It was the highest percentage of the vote since Argentina's transition to democracy. The thing to note here is that Massa is from The Union for the Homeland which is a centre-left political and electoral coalition of Peronist political parties which is a band of socialism. And this election shows that people in Argentina want a capitalist leader instead of a socialist leader. And some of the changes by Milei are already showing signs of recovery.

## **6. Recommendation**

For future research on the topic of "Is Wealth Inequality Justified," several recommendations can enhance the study's effectiveness. Firstly, diversifying participant demographics by including a broader range of age, gender, socioeconomic status, and geographic location would provide a more comprehensive understanding of attitudes towards wealth inequality. Secondly, incorporating a mixed methods approach, such as combining quantitative surveys with qualitative interviews, could offer deeper insights into participants' perceptions and justifications. Additionally, employing a longitudinal study design to track changes in attitudes over time, exploring cross-cultural perspectives, and utilizing random sampling techniques for participant selection could further enrich the research findings and contribute to a more nuanced understanding of wealth inequality and its societal implications.

## **7. PDP Summary**

I was confident in my creative thinking, problem-solving, leadership, and planning skills, but I lacked confidence in my language and presentation skills. As an international student from India, I feared I would struggle to blend in with my peers due to my accent and lack of presentation experience. However, I overcame these challenges by practicing on my own in front of a mirror which was an idea from one of my lecturers and with my teammates. I also worked on my accent by speaking more with my friends, which helped me to speak more fluently during my presentation. Despite some initial issues with my team, we were able to work together and complete our project successfully. Working with my team helped me improve my leadership skills, such as resolving issues, dealing with different types of people, and managing a diverse group. My Smart Target is to improve my language and presentation skills so that I can confidently speak to larger groups of people. To achieve this goal, I plan to attend more classes and workshops and make use of the RISE website provided by MMU.

## 8. Appendices

### Is Wealth inequality justified?

B I U ↵ X

Thank you very much for agreeing to participate in this survey.

The information provided by you in this questionnaire will be used for research purposes only. It will *not* be used in a manner which would allow identification of your individual responses. anonymised research data will not be archived but used solely for the purpose of carrying out a Foundation Year Research Study. Short term storage will be according MMU guidelines.

Thank you for your contribution

Gender \*

- Male
- Female
- Prefer not to say

**Age \***

- Below 18
- 18 - 25
- 26 - 33
- 34 - 41
- 42 - 48
- 49 - 56
- 57 - 70
- 70+
- Prefer not to say

**Is it justifiable to have some degree of wealth inequality? \***

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

**Could you please clarify your current status? Are you a student or are you working? \***

- Student without a job
- Student with job
- Working (Full-time/Part-time)
- Not Working

What is your net worth (estimated In pounds)? \*

- 0 - 1000
- 1000 - 5000
- 5000 - 20000
- 20000 - 50000
- 50000 - 100000
- 100000 +



Are you satisfied with your net worth? \*

- Yes
- No

Are you satisfied with your net worth? \*

- Yes
- No

Would you like to increase your net worth? \*

- Yes
- No

Would you say that your desire to make more money and create a better life is the reason you would peruse higher studies or create a business

- Yes
- No
- Other

Let's say you started a business, got a promotion or a new job which will increase the income \* you earn. But the government taxes you heavily to make everyone more equal are you happy by this decision

- Yes
- No

If you knew that the government would tax you heavily and it was not worth the effort to be more productive in the job or start a new business would you do it? \*

- Yes
- No

...

\*

#### CASE 1

Let's say you are a farmworker who worked twice as hard as your peers and ploughed more land than your peers how would you like to get paid?

- Equal pay for everyone regardless of the work done (Each day)
- Paid according to the work done (Each day)

\*

#### CASE 2

Let's consider this scenario: You have spent four years obtaining a degree and have landed a job in the tech sector with good grades. Meanwhile, one of your peers did not study properly or work diligently and spend most of the time partying or other activities, and is now either unemployed or working in a low-paying job. The question is, would you support being taxed at the maximum rate to help people like him be more equal to you?

- Yes
- No

Do you think in CASE 1, CASE 2 & CASE 3 we get an efficient system?\*

- Yes
- No

Are you ready to live in a world were all the CASES(1,2,3) are true \*

- Yes
- No

If your answer is YES or NO give reason

Long-answer text

## 9. References

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