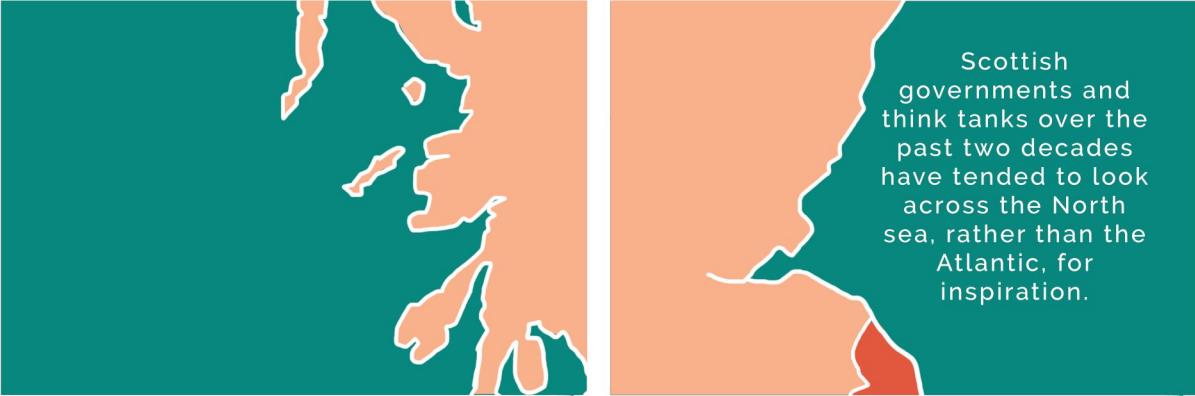# WE'LL TAKE THE LOW ROAD

How has Scotland fared in pursuing its vision for lower inequality?

Scottish governments and think tanks over the past two decades have tended to look across the North sea, rather than the Atlantic, for inspiration.

The desire to follow the Nordic model rather than the American one on issues of social and economic inequality has become one of the defining features of Scottish politics, separating it from the rest of the UK.

Since the Scotland Act of 1998, more and more of the powers needed to pursue a more egalitarian social vision have been devolved to the Scottish Government.

Enabling it to take a different course to its neighbour south of the Border, should it so choose.

Given that 2018 is the twentieth anniversary of the Scotland Act, now seems like a timely moment to take stock. Can we see divergent paths emerging with regard to different dimensions of inequality relative to England?

One of the most commonly used ways to measure inequality is the Gini coefficient.

0 - - - - - - - - - - -

If the Gini coefficient = 0, everyone has the same income.

1 - - - - - - - - - - -
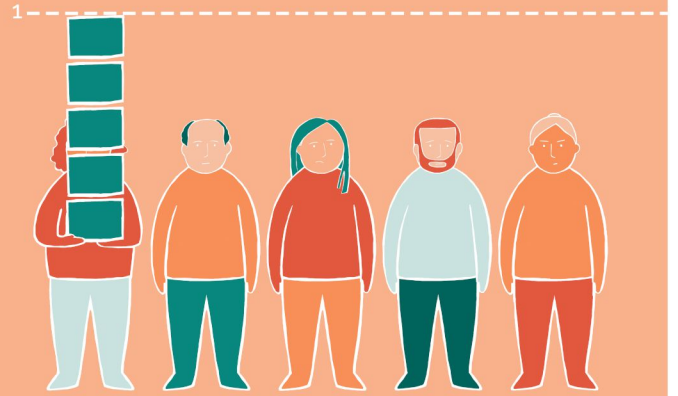
If the Gini coefficient = 1, one person has all the income.

0.31

In 1998 the Gini coefficient in Scotland was 0.31 compared with 0.39 in Great Britain.

0.25

In Scandinavian countries the Gini coefficient tends to be around 0.25.

Great Britain 0.39

Scotland 0.31

Scandinavia 0.25

How have the paths worked out in reality?

Did Scotland take the lower road of inequality?

Unfortunately, we couldn't find any published Gini coefficients for England, but we did find a measure for Great Britain.*

Since 1998/1999 the trend in the Gini coefficient for Scotland does not look too dissimilar compared with Great Britain as a whole:

0.39

0.31

0.25

1999

2016

Great Britain
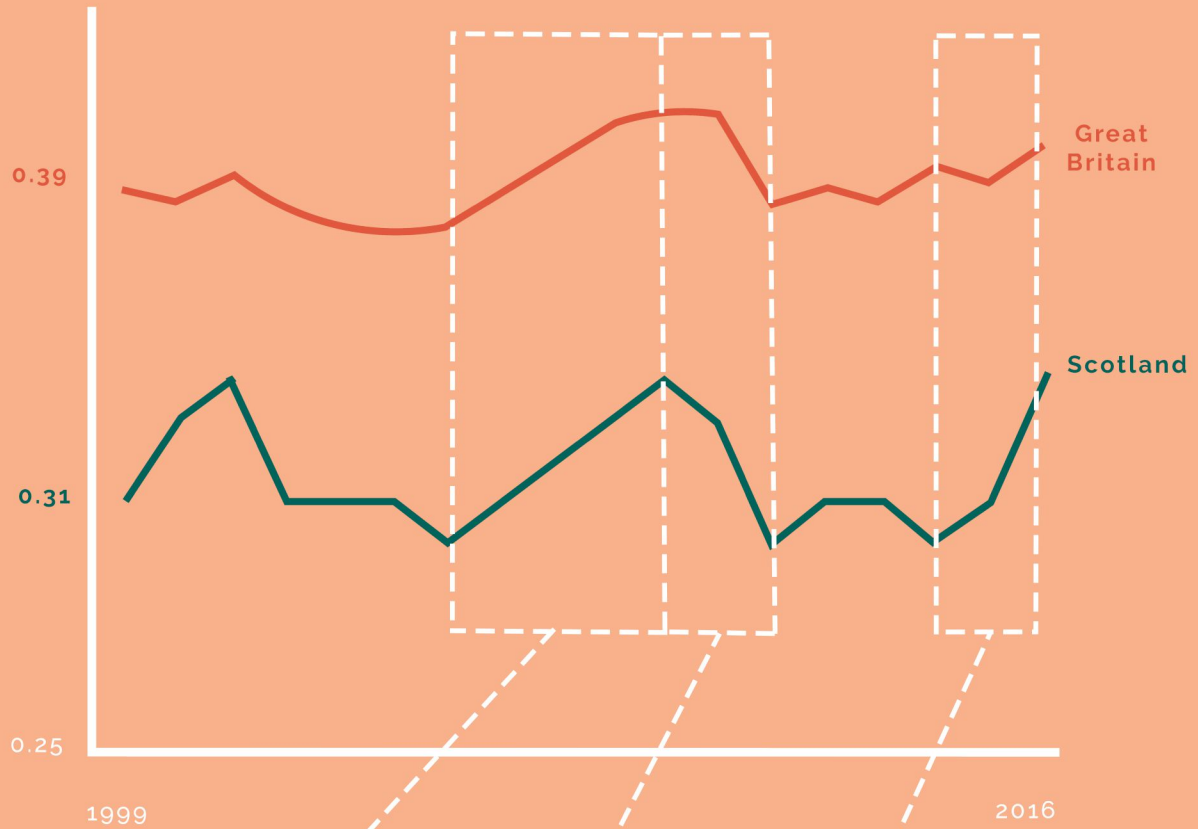
Scotland

rising quite sharply in the lead up to the Financial Crisis

then falling between 2009 to 2011

and rising again quite steeply from 2014 onwards

The latest figures suggest that inequality in Scotland is now higher that it was at the time of the Scotland Act in 1998, and closer to the inequality score for Great Britain.

* The sources for Gini coefficients were different for Scotland (Scottish Government) and Great Britain (Institute for Fiscal Studies) and so the two ways of calculating the Gini coefficient may not be exactly the same.

But inequality is not just about income.

The same person would have very different life outcome if they lived in different neighbourhoods.

Pollution,

crime,

poor quality housing,

poor access to amenities and education,

all affect life outcomes, health and life expectancy.

So in reality, inequality is multidimensional.

Where you live, however, is partly determined by your income.

Areas with lower crime and pollution and better schools, employment and amenities tend to have higher house prices, so poor people can't afford to live there.

How has Scotland fared in reducing these aspects of inequality compared to England?

1998

poor household =

non-poor household =

One thing that might affect the results is the change in the location of poor and rich people in many UK cities.

This will have potentially changed the balance of exposure between rich and poor households to various neighbourhood attributes.


2018

For example, there is now a larger proportion of relatively wealthy households in inner cities.

This means that inequality between poor and non-poor households in the exposure to pollution, will have likely declined in many UK cities.

We compared the number of poor households to non-poor ones in each travel to work area.

We then measured the extent to which poor households tend to be located in areas that have worse air pollution.
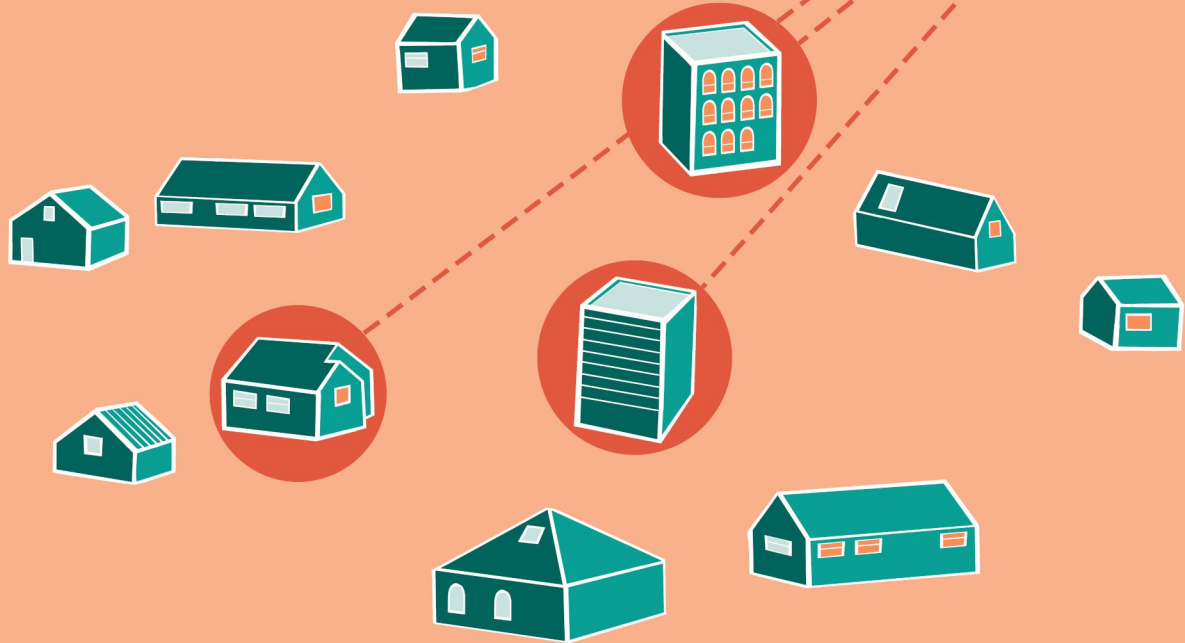
The measure is similar to the Gini coefficient in terms of how it is computed, but it is calculated using data at the neighbourhood level, rather than on individuals, and can also have negative values. But like the Gini coefficient, the higher the value, the greater the inequality.

Inequality in exposure to particulates

0.15

0.10

0.05

0.00

2004   2008   2012   2016
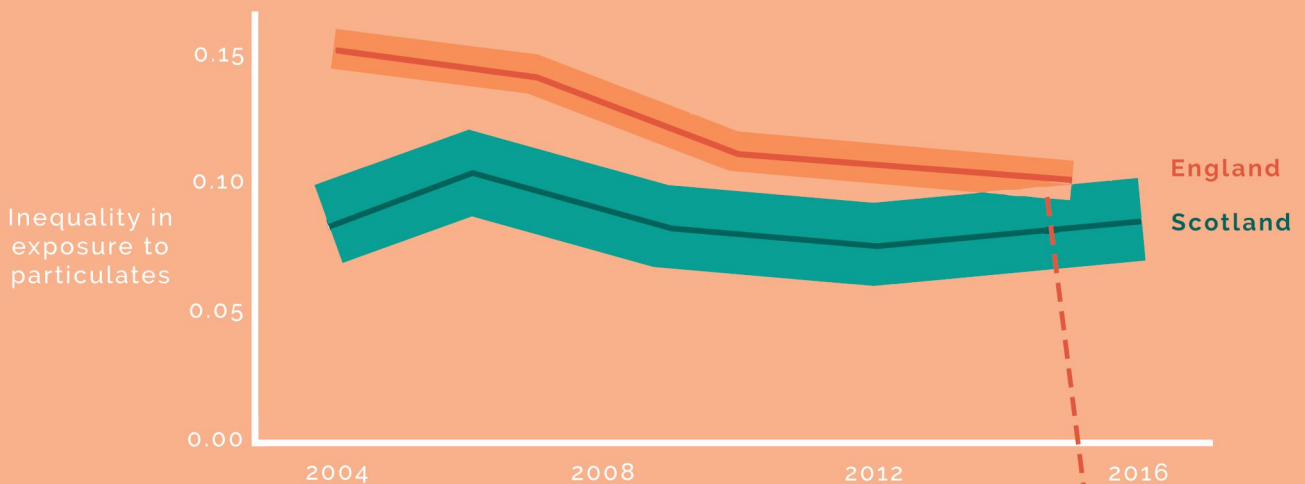
England

Scotland

We then looked at how this has changed over time in Scotland compared with England. We found that inequality in exposure to air pollution had fallen significantly in England but not in Scotland.

This finding is potentially important given that air pollution is estimated to cause 40,000 premature deaths each year in the UK (Royal College of Physicians, 2016).

Note: The error bars show the level of uncertainty around an estimate. If the error bars for any two estimates overlap, then we cannot be sure that there is any real difference between the two.
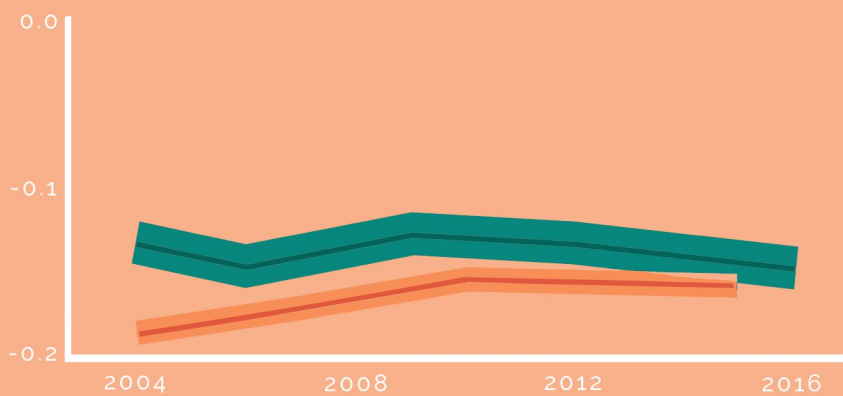
Inequality in **housing quality**

0.2

0.1

0.0

2004   2008   2012   2016
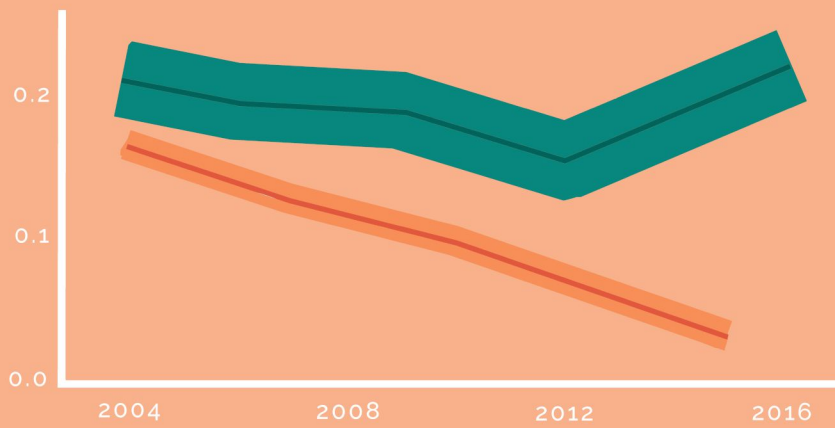
Similarly we found that inequality in housing quality and exposure to crime had fallen significantly in England but with little change in Scotland

Inequality in **exposure to crime**

0.2

0.1

0.0

2004   2008   2012   2016
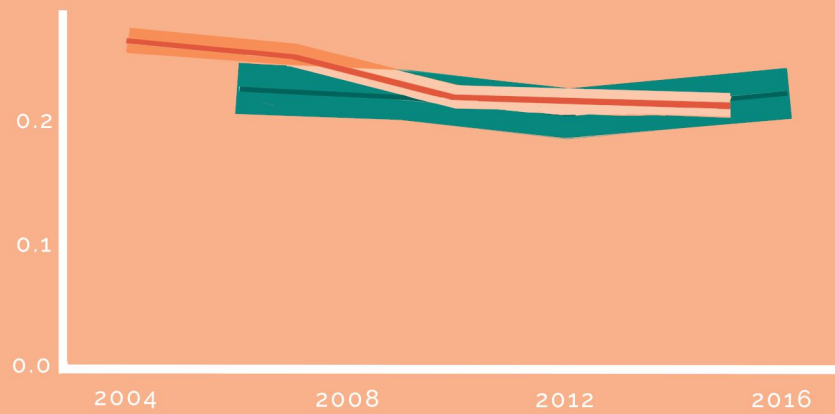
Inequality in **geographical access to amenities**

0.0

-0.1

-0.2

2004   2008   2012   2016

Over time poorer individuals are gradually in living in areas with worse access to amenities and employment opportunities in England with no substantial changes for Scotland

Inequality in **geographical access to employment**

0.00

-0.05

-0.10

-0.15

2004   2008   2012   2016

What does Scotland need to do to reduce inequality?
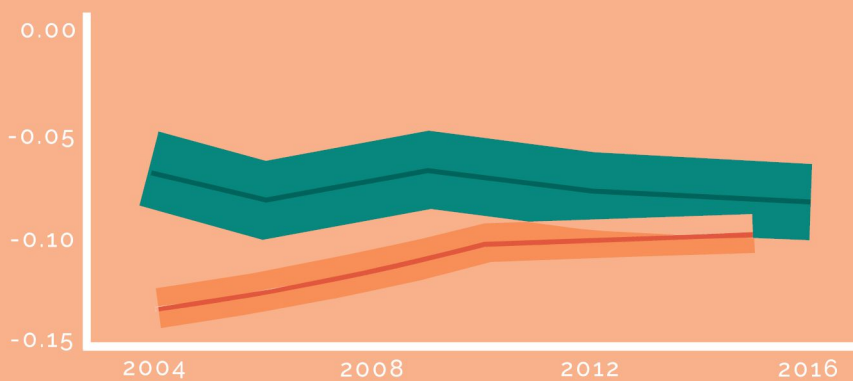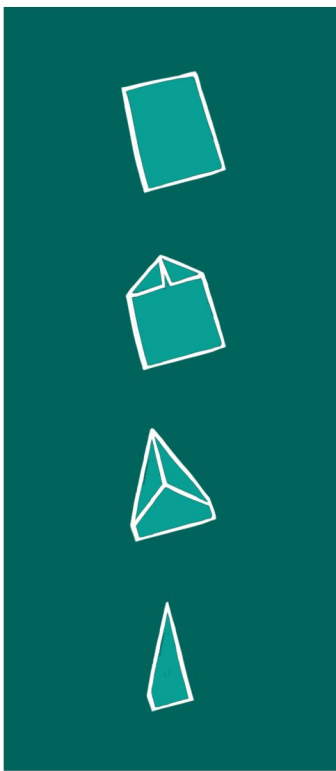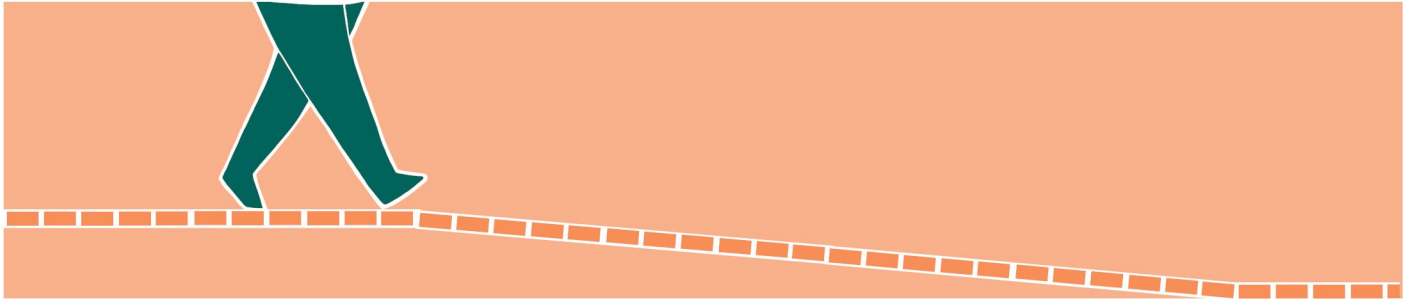
In 1999, the Scottish Parliament was given the power to put up or cut income tax by 3p in the pound. It has yet to make use of that power. Will it do so in future, or will pursuing the Scandinavian vision for a more equal society remain a pipedream?

Or perhaps other factors, such as the decentralisation of poverty in Scottish cities, will dominate the experience of inequality?

If so, what should the policy response be?

2018

Either way, measures will need to be taken

2038

to make our aspirations of lower inequality a reality.