

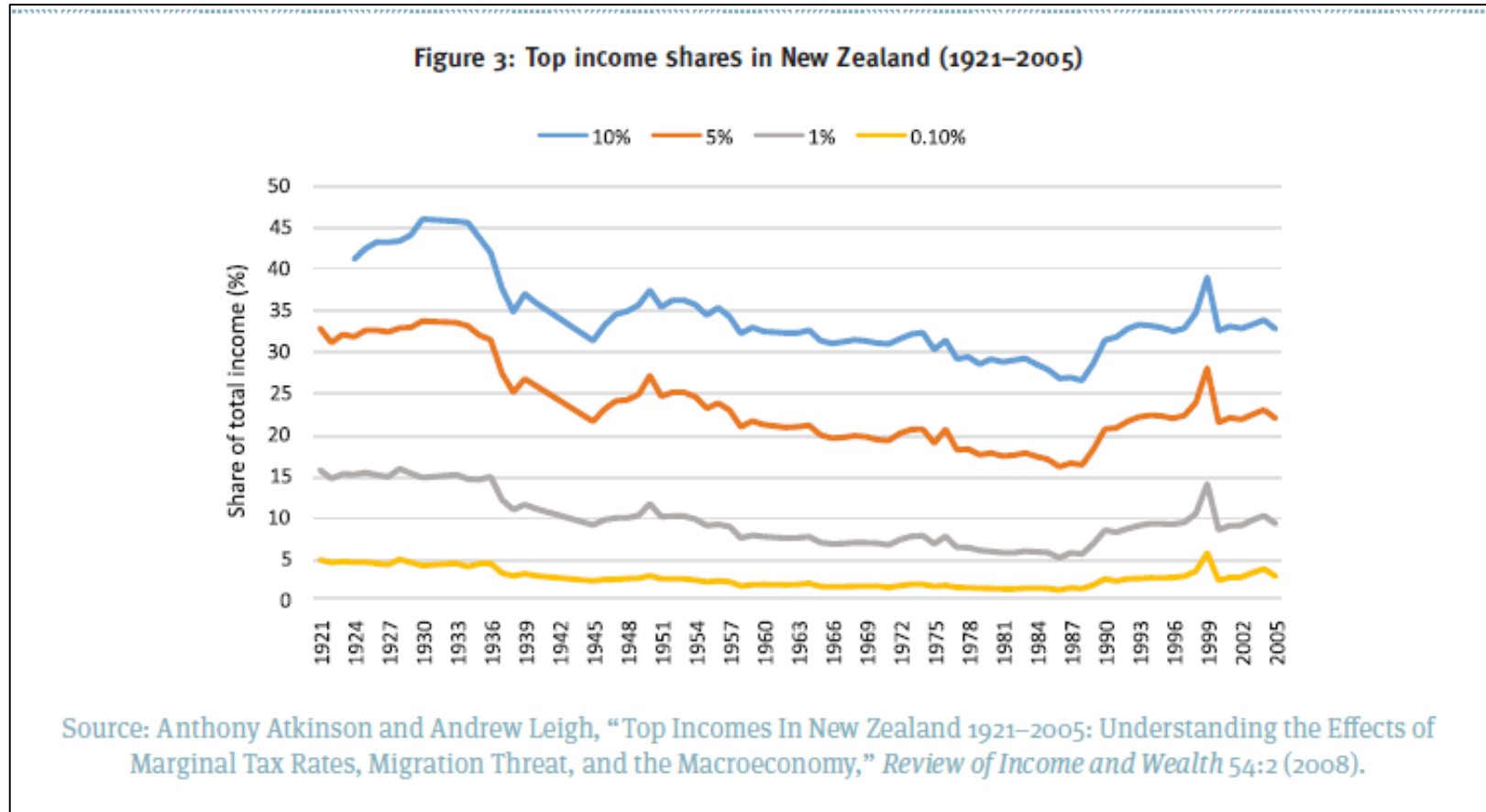
The Inequality Paradox:

Why inequality matters even though it has barely changed

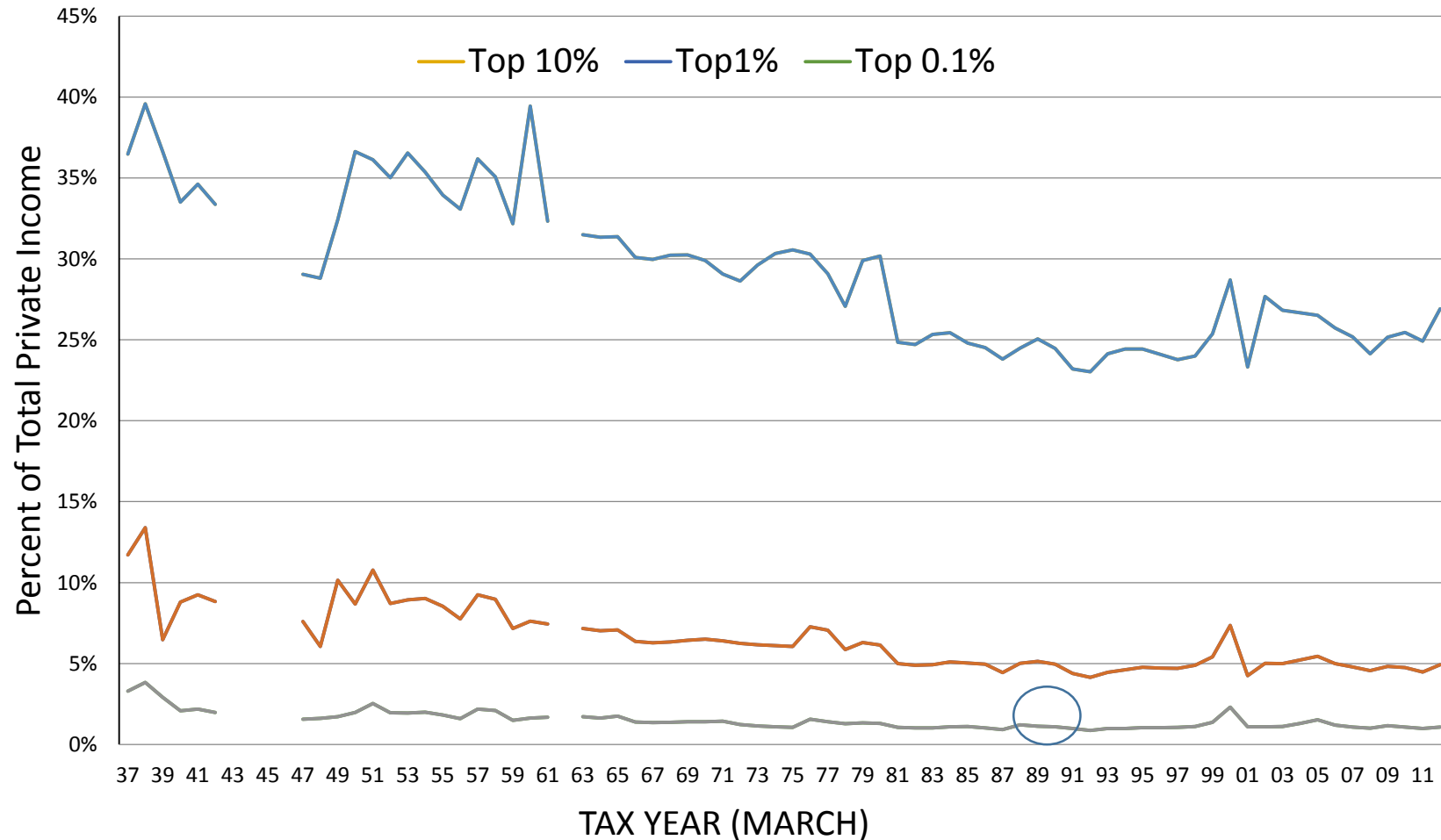
Dr Bryce Wilkinson and Jenesa Jeram

The New Zealand Initiative

Did the top earners really make a killing during NZ's most severe recession since the 1930s?

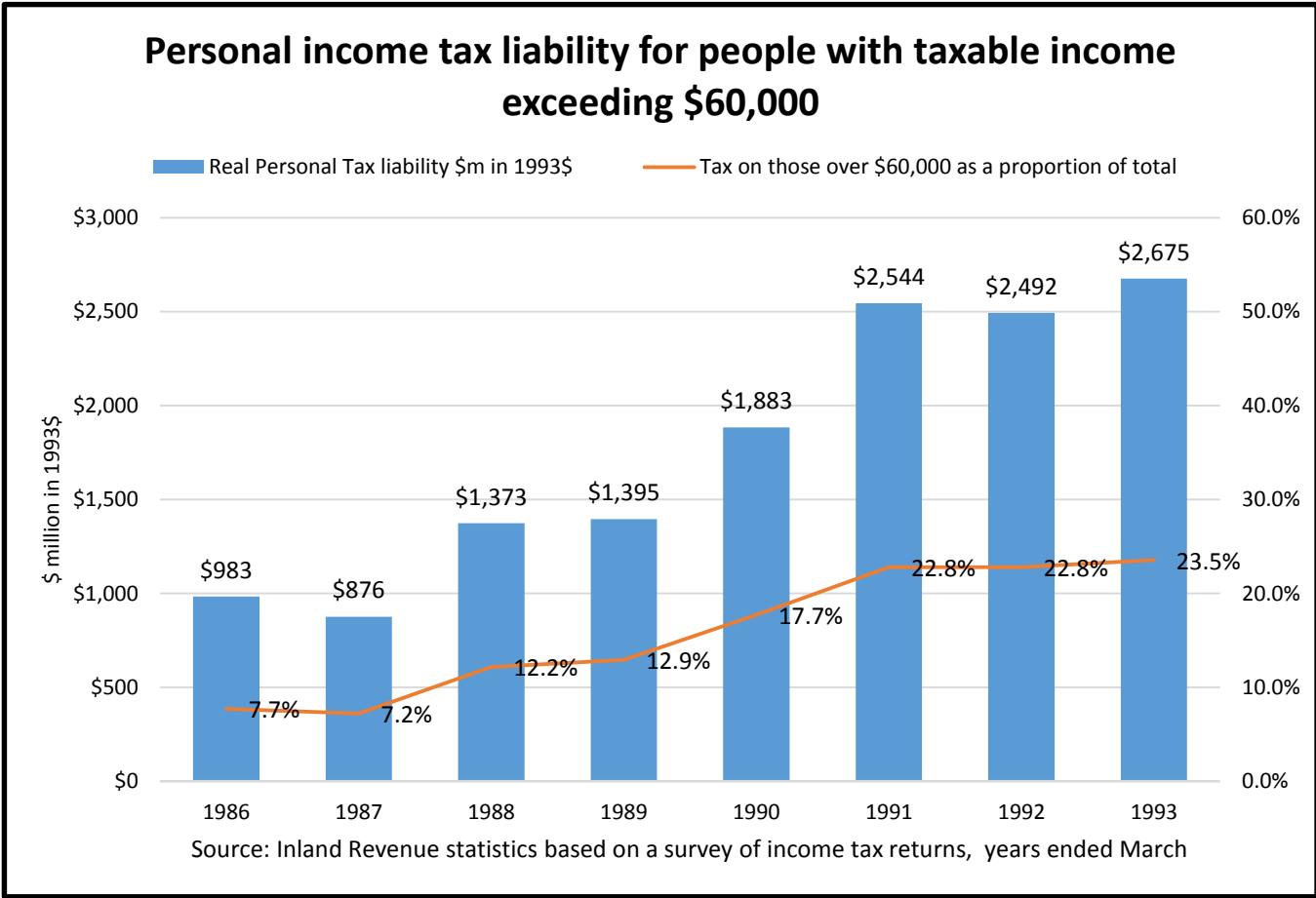


Or, was the blip an artefact of dividend imputation?



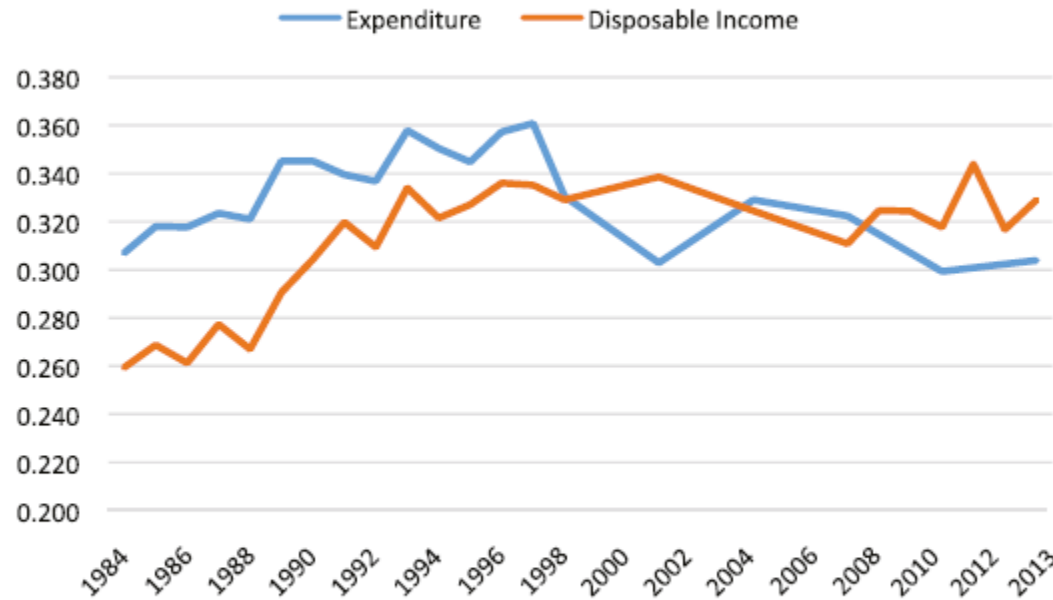
Source: Brian Easton, "Top Market Incomes, *Symposium on Inequality: Causes and Consequences*", 19 June 2014.

But the tax cuts for the rich made welfare spending less affordable didn't it?



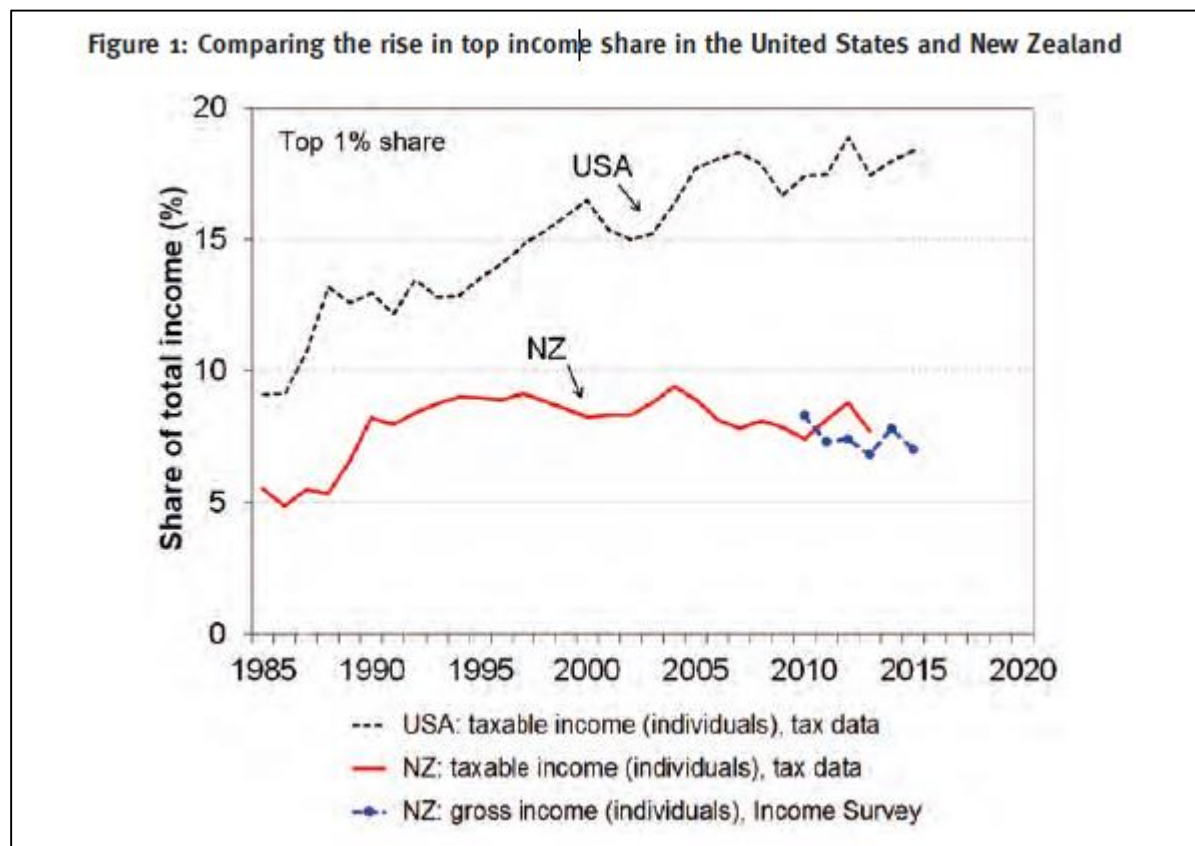
But inequality has continued to grow since the reforms – hasn't it?

Figure 9: Gini coefficients for household disposable income inequality and expenditure inequality (1984–2013)

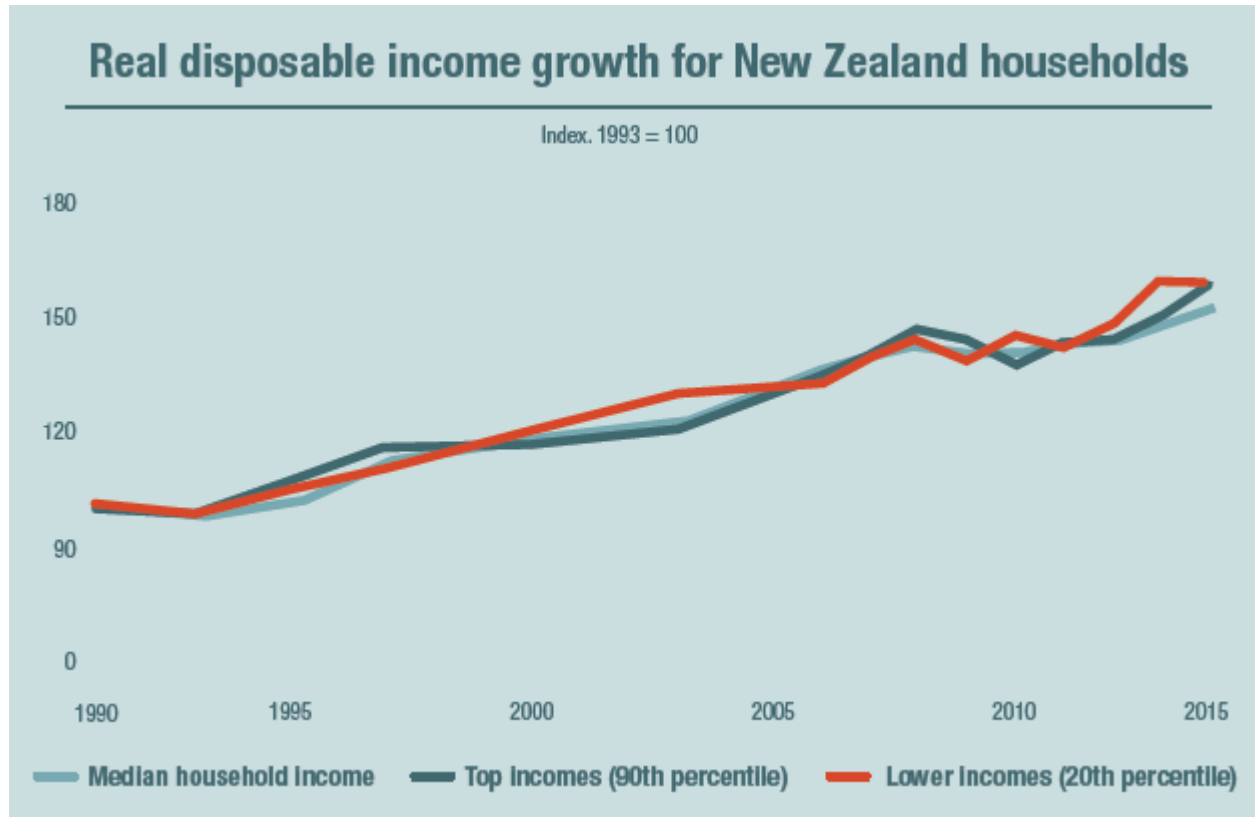


Source: Christopher Ball and John Creedy. "Inequality in New Zealand 1983/84 to 2013/14", New Zealand Treasury Working Paper 15/06 June 2015, Figure 2: Gini Inequality 1984 to 2013: Disposable Income per Adult Equivalent, Figure 3: Gini Inequality 1984 to 2013: Expenditure

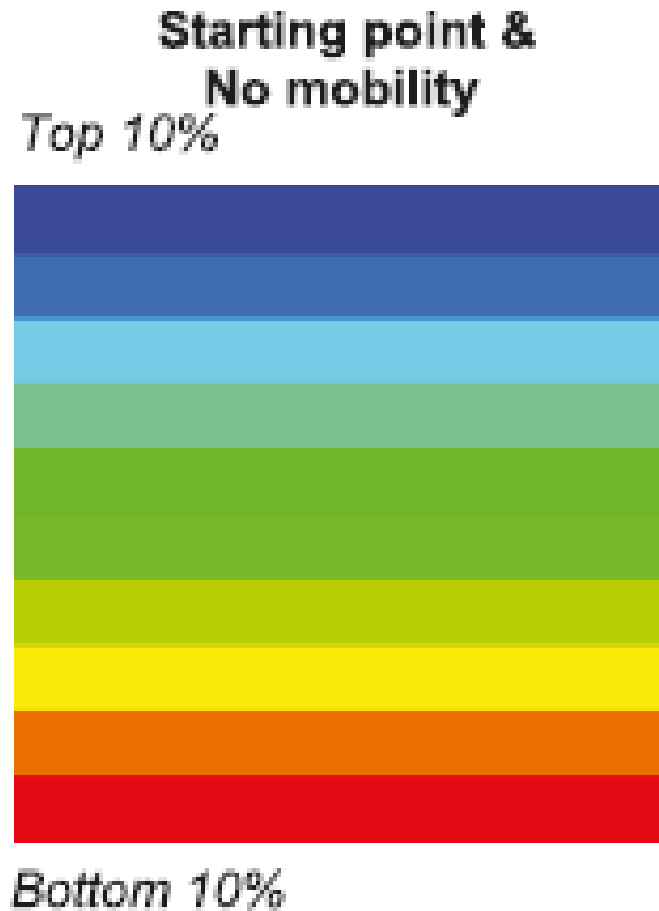
AND inequality in NZ has grown faster than in any developed country – hasn't it?



Does ANYONE believe that economic growth is inclusive ... err, well ... actually.



This is what zero income mobility would look like



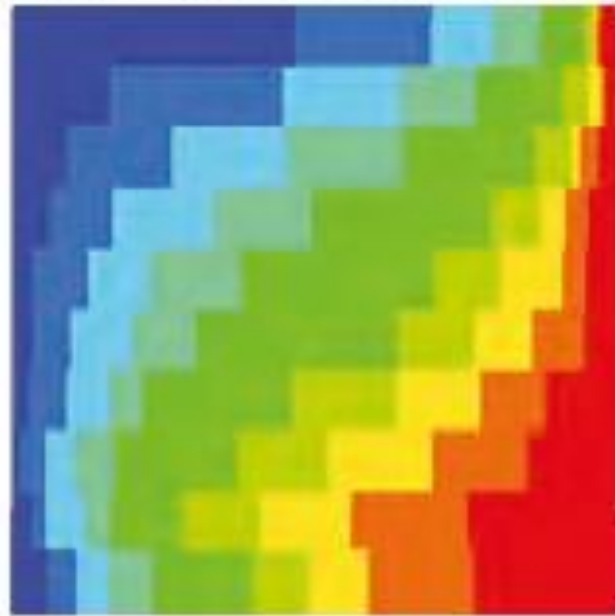
This is what complete income mobility would look like

Complete mobility

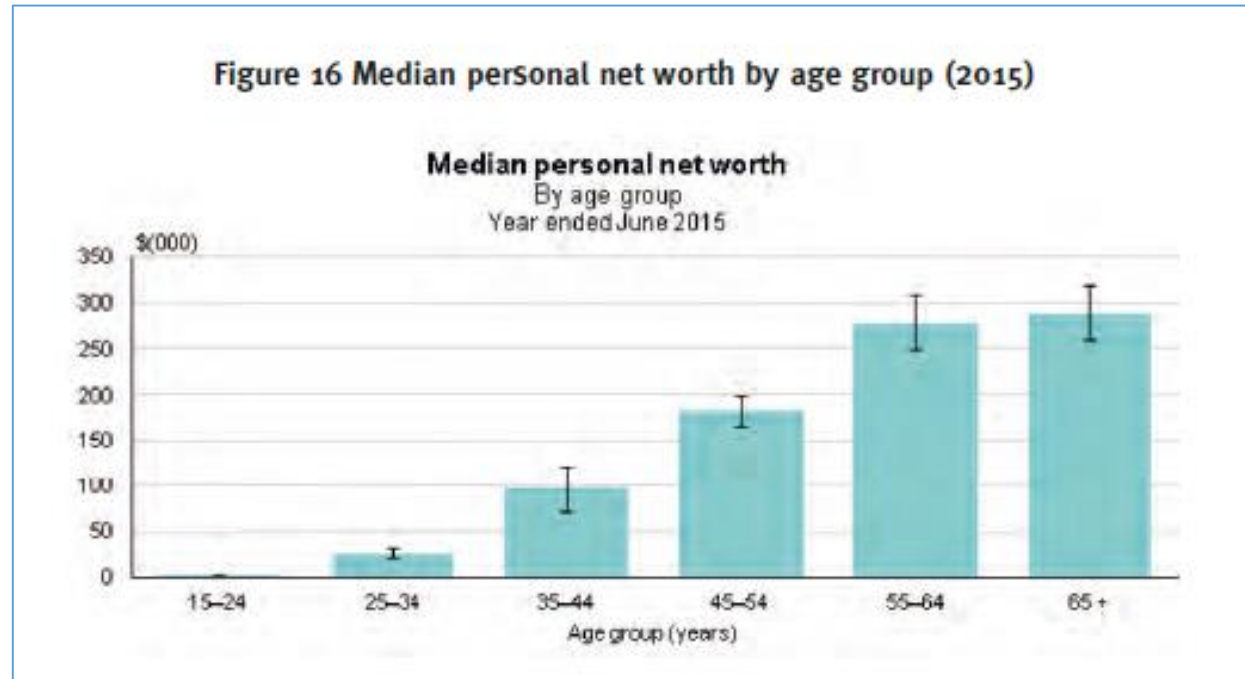


Actual Income mobility 2002-2009

Working age adults aged 25 to 55
Avoiding most new entrants and retirements

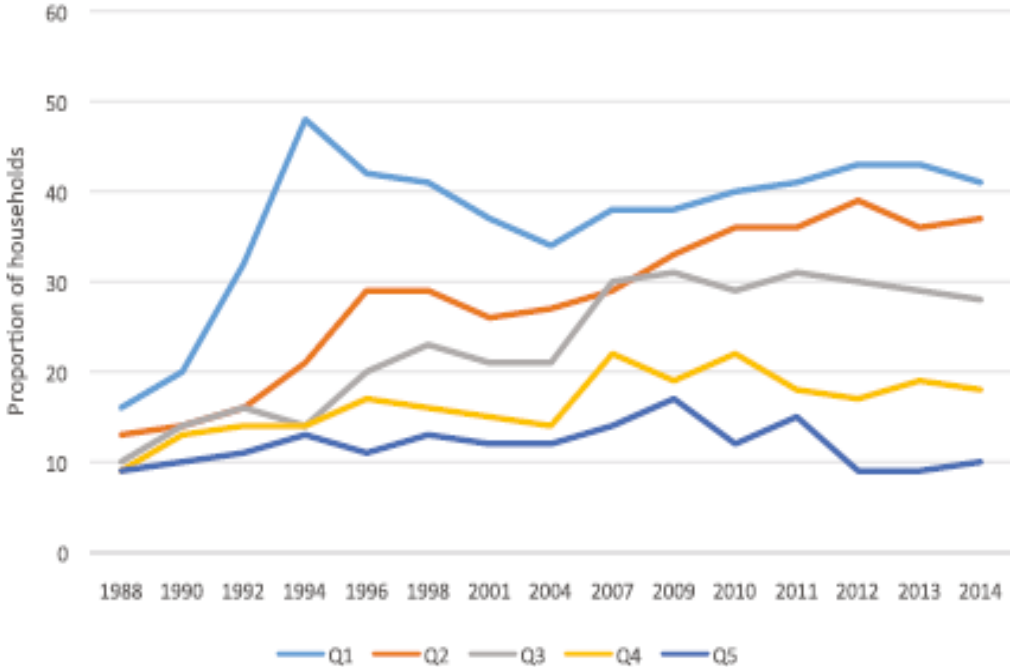


Wealth should be equally distributed!?



But there is a housing story

Figure 28: Proportion of households with housing cost OTIs greater than 30% by income quintile (1998–2015)



Perceptions matter for politicians

