SUSTAINABILITY INDICATORS

Measuring inequality

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The central tenet in development research and practice has long been poverty. However, equality is as crucial for societies. Inequality can hinder economic progress or trigger sociopolitical instability. Most people are averse to inequality, and many also consider it unethical per se (the Rawlsian perspective). Several approaches exist for measuring inequality and integrating it into broader indicators of development. However, some of them produce noticeably different results, and it is unclear which one is best and for what purpose.

Miroslav Syrovátka and Martin Schlossarek, from Palacký University Olomouc, Czech Republic, evaluate how major indicators of development account for inequality. They select ten indicators, including the Genuine Progress Indicator and the Human Development Index. They assess whether the indicators account for

inequality in economic terms (income or wealth), in non-economic ones (health, education and subjective wellbeing), or regard certain societal groups or spatial distributions (for example, rural versus urban). One common approach is the Gini index of income inequality, but other approaches have distinct advantages too. For example, the Sustainable Society Index accounts for differences between the rich and poor by comparing the income share of the richest 10% with that of the poorest 10%. Besides deciding on such computations, the authors argue that a major challenge of using inequality indicators lies in deciding what level of inequality is ideal or acceptable.

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