

# Greater inequality within UK and US than some developing countries, trade 'footprint' shows

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Australia, with a comparable level of international trade activity, still maintains greater internal equality than the trading nations that 42 percent of our consumption depends on. Only nine percent of countries that we trade with have more egalitarian economies.

The results are published in the journal *PLOS ONE* today from research led by the University of Sydney's Integrated Sustainability Analysis group in the School of Physics.

"The footprint maps the movement of commodities around the world. It is a new tool which can assist businesses, government and non-government organisations in understanding the complex dynamics of [inequality](#) and trade," said Ali Alsamawi, a PhD candidate in the School of Physics and lead author of the PLOS paper (see attached).

The study uses the employment and household income accounts and (Gini) indexes of income distribution for 187 [countries](#), from 1990 to 2010.

It introduces the concept of an inequality footprint - taking into account the inequality of both the internal and external workforce required to satisfy the consumption demands of a given country.

The results show that most developed countries, with their [international](#)

[trade](#) taken into account, have an inequality footprint higher than the inequality within their country.

"The United States and United Kingdom are notable exceptions to this. Among developed countries only these nations have within-country inequality higher than their inequality footprint," Alsamawi said.

Forty million of the 70 million workers from outside the USA who are responsible for many of the products Americans consume, come from countries with high inequality.

Despite this, America's internal inequality is still higher than the inequality footprint representing its international trade. The same applies to the United Kingdom.

The United States showed an increasing inequality footprint during the Bill Clinton era and especially after the NAFTA treaty came into force. It has slightly decreased during Obama's presidency.

In the United Kingdom the inequality footprint increased after Tony Blair left power and also jumped after the global financial crisis and recession.

Australia and Japan are the only countries with comparable levels of trade activity to the UK and USA. Forty percent of Australia's international trade activity is with China, a country with relatively high inequality.

"But compared to America and the UK our internal inequality is still much less, giving us an overall footprint of relatively high equality - on a par with Germany but less equal than Japan or Canada," Alsamawi said.

By contrast Russia has high inequality within its border but in 2010 it

had the lowest inequality footprint in the world because approximately 62 percent of its international trade was with Europe and the Commonwealth of Independent States, where inequality is low.

That situation will have greatly changed since trade sanctions have been imposed by some of its trading partners in the context of the war in the Ukraine (more than 20 percent of Russia's external workforce came from Ukraine in 2010).

Commodities that are inequality-intensive, affecting the internal inequality of the nations producing them and the footprint of the nations they trade with, include electronic components, chemicals, fertilizers, minerals, and agricultural products.

"In the past it was assumed that globalisation would raise the income of almost all nations and help redress inequality but evidence suggests no obvious relationship between a country's participation in globalisation and positive changes in inequality," said the University of Sydney's Dr Joy Murray, an author on the paper.

"We do not argue whether trade between more and less equal countries is a social good or ill but have provided a robust, global account of inequality and trade upon which further economic analysis may be built."

**More information:** Alsamawi A, Murray J, Lenzen M, Moran D, Kanemoto K (2014) "The Inequality Footprints of Nations: A Novel Approach to Quantitative Accounting of Income Inequality." *PLoS ONE* 9(10): e110881. [DOI: 10.1371/journal.pone.0110881](https://doi.org/10.1371/journal.pone.0110881)

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