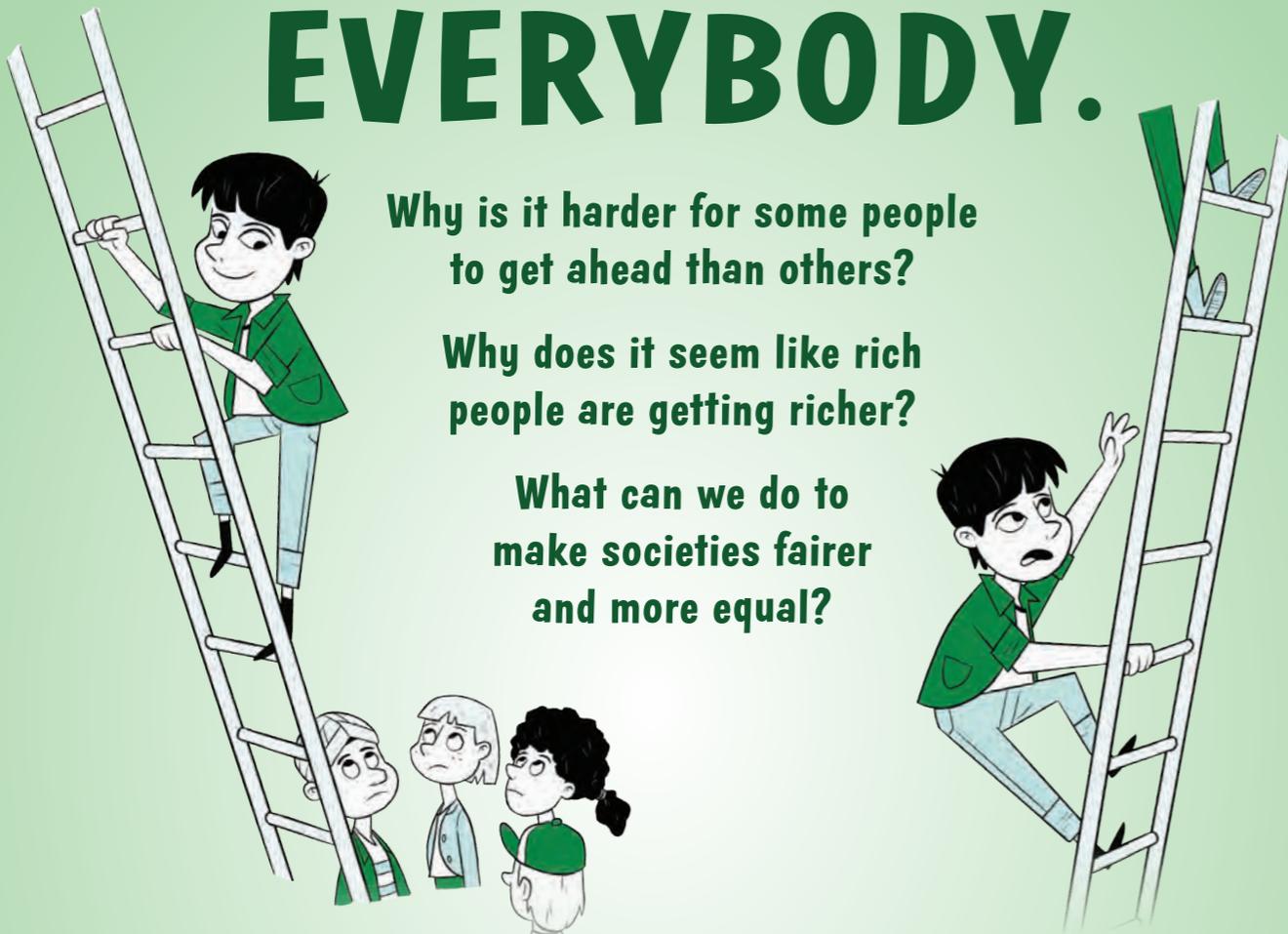


Economic inequality affects EVERYBODY.



Why is it harder for some people to get ahead than others?

Why does it seem like rich people are getting richer?

What can we do to make societies fairer and more equal?

More Than Money breaks down important issues and ideas in economics to better understand the consequences of inequality. No matter how rich or poor you are, economic inequality impacts every aspect of your life—where you live, the health care you have, and the education you receive.

"A must-read for kids to understand the roots of inequality and the financial world we all live in but rarely question closely enough."

—Kevin Sylvester, award-winning co-author of *Follow Your Money* and *Follow Your Stuff*

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US \$12.95 / CDN \$14.95



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MORE THAN MONEY

How Economic Inequality Affects EVERYTHING

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HADLEY DYER and **MITCHELL BERNARD**

Illustrations by **PAUL GILL**

MORE THAN MONEY

How Economic Inequality Affects EVERYTHING





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Cover art by Paul Gill, designed by Paul Covello

Edited by Linda Pruessen

Copy-edited by Debbie Innis

Proofreader: Doeun Rivendell

Data Visualization Designer: Simone Betito

Interior designed by Maegan Fidelino

With special thanks to David Madani, Economist, for all the research and data he provided for this book.

The authors are grateful to Susan Traxel and the Office for National Statistics, U.K. Statistics Authority, for providing additional research and data; Linda Pruessen for her editorial guidance; Rivka Cranley and Paul Covello for their stewardship of the project, and the good people of Annick Press for their hard work, expertise, and patience.

Hadley Dyer extends additional thanks to Lena Coakley, Lucy Dyer, Marthe Jocelyn,
Kathy Stinson, Emily van Beek, and Paula Wing for their support.

Mitchell Bernard thanks Jayne Edmonds for the feedback and the four-decade-long conversation.

Annick Press Ltd.

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We acknowledge the support of the Canada Council for the Arts and the Ontario Arts Council, and the participation of the Government of Canada/la participation du gouvernement du Canada for our publishing activities.



Library and Archives Canada Cataloguing in Publication

Title: More than money : how economic inequality affects everything / Hadley Dyer and Mitchell Bernard ; illustrations by Paul Gill.

Names: Dyer, Hadley, author. | Bernard, Mitchell (Professor), author.

Identifiers: Canadiana (print) 20220170428 | Canadiana (ebook) 20220170487 | ISBN 9781773217017 (softcover) | ISBN 9781773217000 (hardcover) | ISBN 9781773217048 (PDF) | ISBN 9781773217024 (HTML)

Subjects: LCSH: Income distribution—Social aspects—Juvenile literature. | LCSH: Income distribution—Juvenile literature. | LCSH: Equality—Juvenile literature. | LCSH: Wealth—Social aspects—Juvenile literature. | LCSH: Quality of life—Juvenile literature.

Classification: LCC HC79.I5 D94 2022 | DDC j339.2/2—dc23

Published in the U.S.A. by Annick Press (U.S.) Ltd.
Distributed in Canada by University of Toronto Press.
Distributed in the U.S.A. by Publishers Group West.

Printed in Hong Kong

annickpress.com
hadleydyer.com
pauलगill.com

Also available as an e-book. Please visit annickpress.com/ebooks for more details.

MORE THAN MONEY

**How Economic Inequality
Affects EVERYTHING**

Written by Hadley Dyer and Mitchell Bernard

Illustrated by Paul Gill



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Introduction

What do you think of when you hear the word “inequality”?

If you’re a math wizard, you might picture this: \neq . Or maybe your mind turns to social inequalities, such as racism (discrimination based on race) or sexism (discrimination based on gender).

Perhaps, to you, “inequality” is just another way of saying “unfairness.”

You’d be right. Inequality can have multiple meanings, depending on the situation it’s describing and whether it has another word in front of it.

This book is about economic inequality: why the rich are getting richer while everyone else seems to be struggling, more than ever, just to get by.

We know, we know—economics can be intimidating. It’s full of confusing words. Charts and graphs. Statistics. *Math*. Ugh. Maybe you’re not sure how economics is even relevant to your day-to-day life. But economics doesn’t have to be scary or confusing, not if you have someone to break things down for you. That’s what we’re here to do.

For example, we’ll explore why economic inequality isn’t only about “the economy” but the kind of societies we live in.

We’ll explain how it can have an impact on every aspect of your life, including your health, education, where you live, and how you feel about yourself.

You’ll see how economic inequality is both a cause and an effect of different types of inequality.

We want you to understand how inequality affects everyone—rich, poor, and in-between. And we’re going to show you what can be done about it.

By the end of this book, we’ll have built a case for why economic inequality is a cause that you can rally behind with the same passion as climate change activists, gun control campaigns, and other youth-led movements.

Because inequality is really about YOUR future.

Researchers from the University of Wisconsin–Madison surveyed 600 students from middle schools and high schools in both richer and poorer communities. The students gave more concrete explanations for why people become rich—such as education, hard work, and inheriting money—than why people are poor.

OUR APPROACH

We'd like to acknowledge up front that this book is a primer, or overview, of a complex subject made up of connected issues, all of which are deserving of further attention. You'll find interesting—even startling—facts and statistics that may pique your curiosity and lead you to seek out more information. We raise questions to consider and discuss and provide additional resources throughout the book.

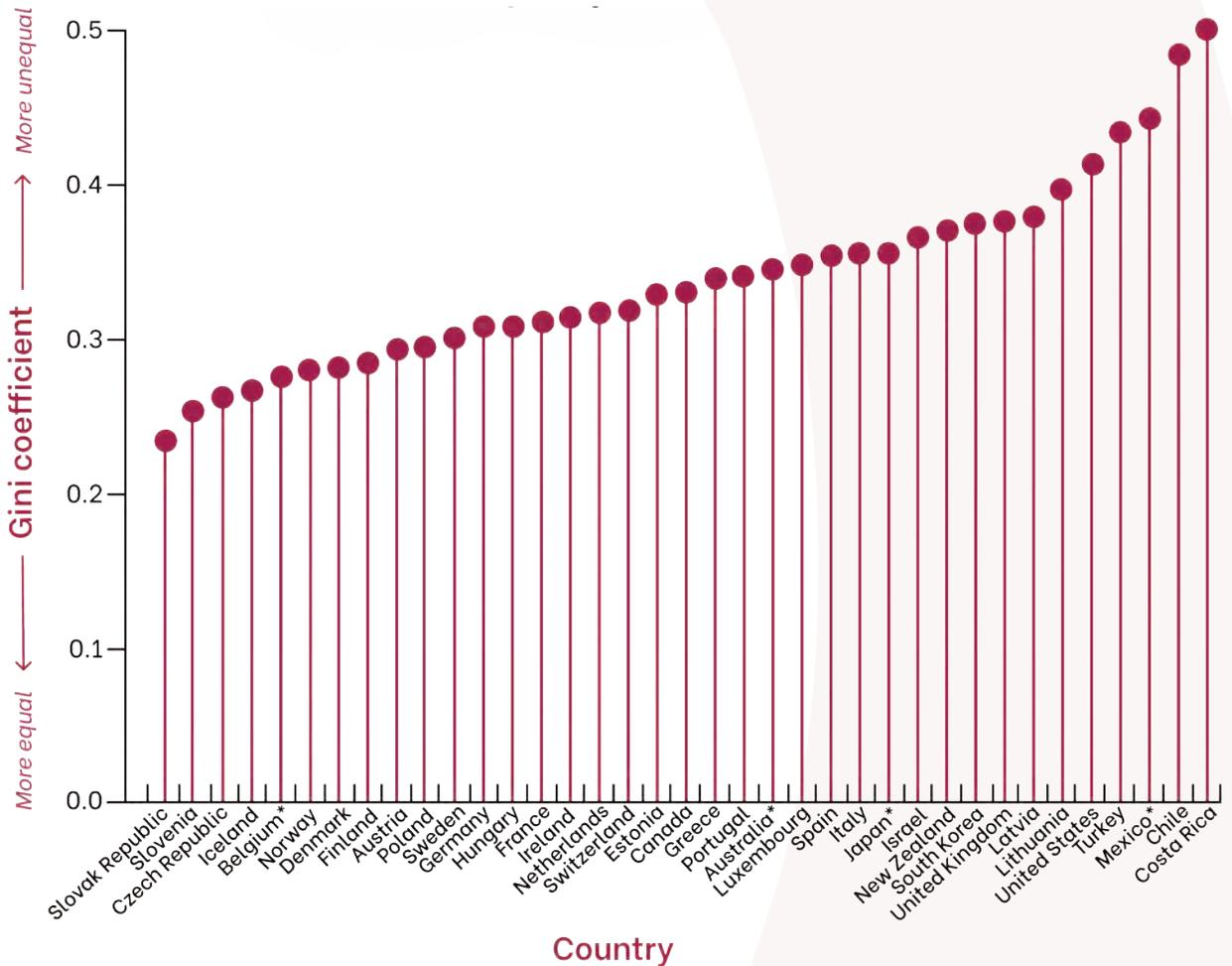
To get started, we'll walk you through the basic ideas and language that come up a lot in relation to inequality. Not every example will apply to your life right now (because maybe you don't have a rich portfolio of stocks and bonds?), but they'll help you get your head around important concepts.

We focus on economic inequality *within* a country: why some citizens are richer, and some are poorer. There's another type of economic equality, which is inequality *between* countries: why some countries are richer, and some are poorer. This is an important issue because it helps explain why the standards of living are so different for people around the world. But the causes of inequality between countries are complex and have long histories. We think that deserves its own book.

For our examples of inequality within countries, we stick with nations that are members of the **Organisation for Economic Co-operation and Development (OECD)**. The OECD is a Paris-based organization that collects and analyzes economic data provided by governments of thirty-eight countries. Most of the members have strong and stable economies and are among the world's richest countries. These include twenty-six European countries, plus North America, Chile, Colombia, Costa Rica, the United Kingdom, Israel, Japan, South Korea, Australia, and New Zealand.

There are a few reasons why we've chosen to focus on OECD countries. First, these are nations where all youth should face a bright future, but not everyone gets the same opportunities. Second, the majority of our readers live in OECD countries, which means they can relate to these examples. Lastly, the causes and solutions to inequality within less developed countries—countries with poorer and less stable economies—are somewhat different and complicated. We think comparing apples to apples is the easiest to understand.

Income Inequality in OECD Countries



Source: OECD Statistics, 2017

This chart shows the level of inequality in each of the OECD countries, based on its Gini coefficient (see pages 22–23). The countries to the left of the chart are more equal, and those to the right are less equal. Once you’ve learned basic concepts about inequality in the first three chapters of this book, you can return to this chart whenever you need reminding of how each country ranks.

*Where 2017 scores were unavailable the most recent figures have been used.

*Colombia score not currently available from the OECD.

PART ONE: **The Basics**

CHAPTER 1

Rich, Poor, and In-Between

Introduction:

WHAT IS INEQUALITY?



Throughout this book, we're going to meet characters and real people who are dealing with inequality in its various forms. To start, though, let's look back at something you experienced along with your family, friends, and millions of people around the world: the height of the COVID-19 pandemic.

Near the end of 2019, a highly contagious, potentially deadly virus called COVID-19, or the coronavirus, emerged in Wuhan, China. Transmitting from person to person, it rapidly made its way around the globe, forcing schools and workplaces to shut their doors in order to slow the spread of the disease.



According to UNESCO, the United Nations Educational, Scientific and Cultural Organization, more than 1.5 billion students were impacted by school and university closures at the peak of the COVID-19 pandemic.

From the beginning, the pandemic didn't affect everyone equally. Some people had a higher than average risk of becoming seriously ill or dying from the virus, which we'll take a closer look at in chapter 6. But the pandemic didn't just have an impact on health. For example, in many countries, schools carried on with classes through online learning, using video meetings, websites, and email to teach lessons. However, not all students could afford computers or tablets, or had access to Wi-Fi or parents at home to help them with their schoolwork. Students living in close quarters with their families struggled to find a quiet place to study. Kids who depended on school meal programs for breakfast or lunch faced the possibility of going hungry.

One definition of economic inequality is “the unequal distribution of income and wealth”—a stuffy way of saying that some people have more money and items of financial value than others. The COVID-19 pandemic showed us that inequality is about so much more than that. And while the pandemic affected young people and their families in vastly different ways, it didn't *create* inequality. Rather, it highlighted the inequality that was already there—and made it worse.

The first three chapters of this book will explore basic concepts related to “the unequal distribution of income and wealth.” This chapter will focus on vocabulary and definitions that we'll keep returning to as you read on. But first, let us introduce what we call the “economic ladder”—and help you find your place on it.

THE ECONOMIC LADDER

Most of us would love to be rich, but ask five people what “rich” means and you might get five different answers.



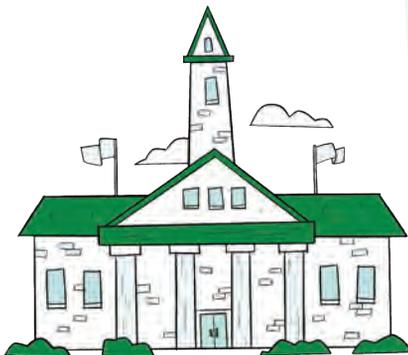
Living in a nice house



Having an awesome video game collection



Choosing clothes off the rack without looking at the prices first



Being able to afford any college or university



Retiring early

There are no official lines between “broke,” “comfortable,” and “loaded.” Often, we judge our financial status by comparing ourselves to others. It’s like being on a ladder, with people above you and below you.

Sometimes we might feel okay about our position . . .



. . . and sometimes, we might feel we’ve been left behind.

Economists rely on comparisons, using financial data to assess how well people are doing in relation to each other. Understanding these comparisons can help us see where we fit on the economic ladder. Are we at the top, where the air has that brand-new-Ferrari smell? Or closer to the bottom, struggling to get a foothold?

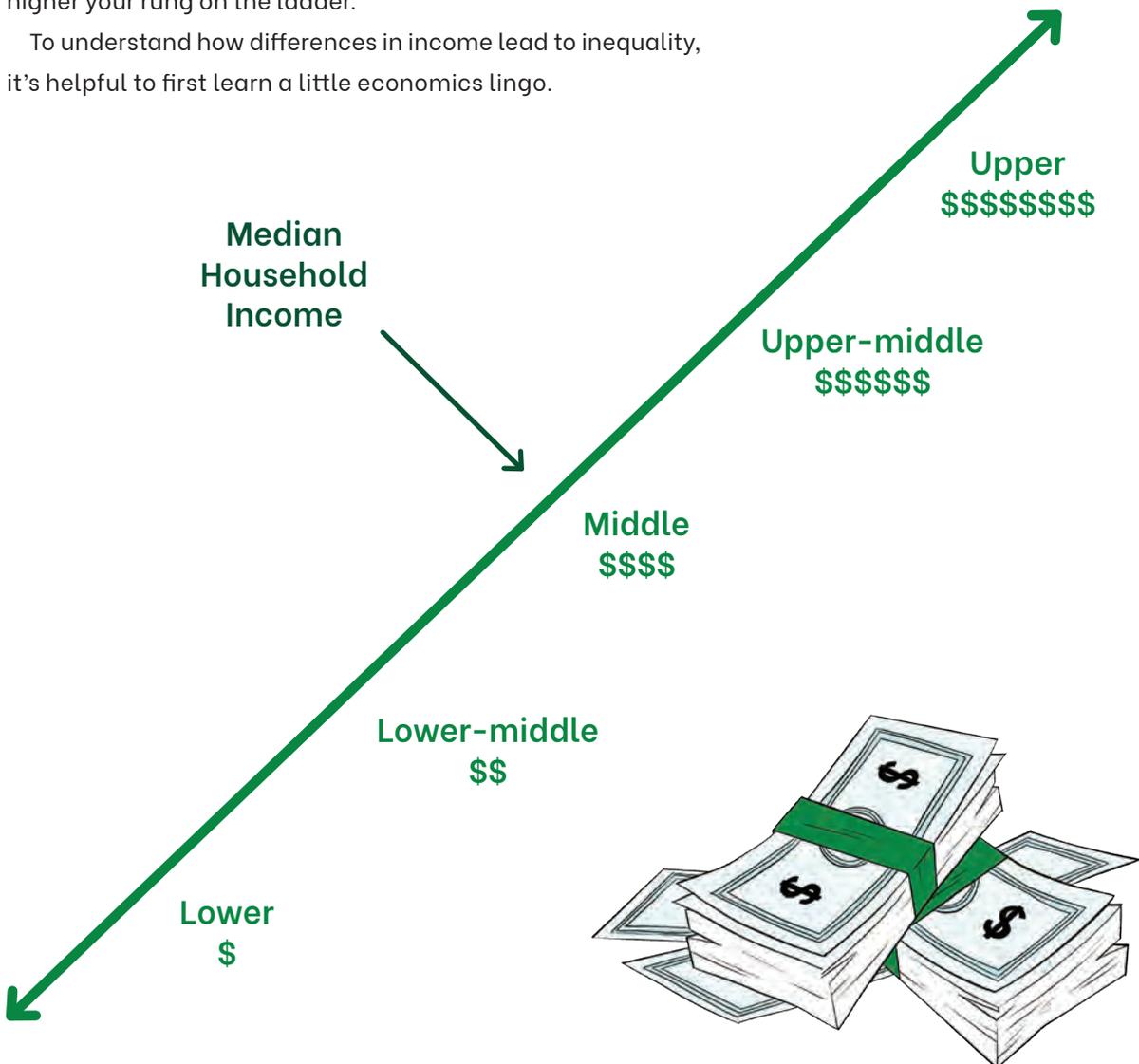
An economist studies the economy—the way money is made and how it is used within a geographical region, be that a country, state or province, or city.

FINDING YOUR RUNG

One way to find your place on the economic ladder is through **income**—how much money you make.

The most common form of income is payment for work, such as a salary or hourly wages. The more income you earn, the higher your rung on the ladder.

To understand how differences in income lead to inequality, it's helpful to first learn a little economics lingo.



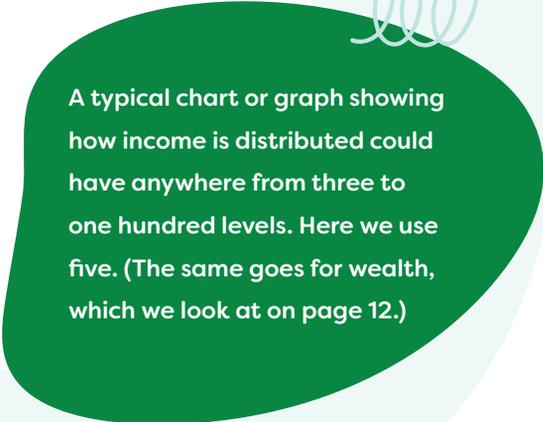
Economist-speak for the rungs on an income ladder is “**income distribution levels.**”

These levels are usually divided by **household income**, which is the total amount of money earned by all the people who share a home.

The **median** household income is a dollar amount that divides a population into two: half the households in that area earn more and half earn less.

The households closest to the median income are considered the **middle class**. As shown here, this category can be subdivided into *lower-middle*, *middle*, and *upper-middle*.

Exactly how much a household needs to earn in order to join each level depends on several factors, including where a family lives, what types of income are counted, and how many people share the home.



A typical chart or graph showing how income is distributed could have anywhere from three to one hundred levels. Here we use five. (The same goes for wealth, which we look at on page 12.)

GOING TO EXTREMES

There's rich and then there's *really* rich.

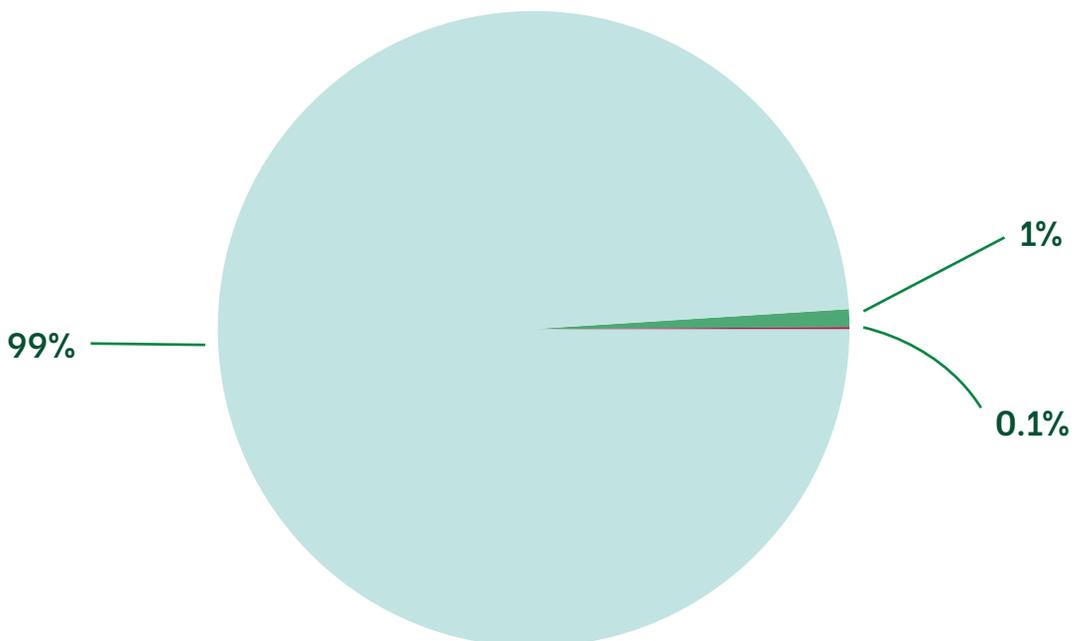
You may have heard top income earners referred to as **the one percent**. That's because they make more money than 99 percent of the rest of the population where they live. Within that one percent is the top **.01 percent**, who earn more than 99 percent of the one percent!

BELOW THE LINE

While everyone may have their own idea of what it means to be rich, we have a clearer definition for being poor. The **poverty line** is the minimum amount of income required to cover basic needs—including food, clothing, and shelter—for all the members of a household. Each country has its own poverty line that reflects the cost of living there and is used to determine

if a household can receive financial help from government programs.

There is also a line for **extreme poverty**, which is based on the poverty lines of the world's poorest countries. A person who survives on less than \$1.90 USD per day lives in extreme poverty and may be deprived of clean water, nutrition, health care, education, electricity, and sanitation.



Pandemic Pay

The COVID-19 pandemic was both a health crisis and an economic crisis. The World Bank estimated that the pandemic pushed nearly 100 million people into extreme poverty. The most vulnerable were in developing countries, but people in richer countries suffered, too.

If your parents had well-paying office jobs, they may have been able to work from home while businesses were shut down to slow the spread of the virus. Lower-paid workers, such as store and restaurant staff, were far more likely to lose their jobs when their workplaces closed—temporarily or permanently. Many families started relying on food banks to stock their pantries.

OECD countries took different approaches to helping households that lost income during the pandemic. For example, several European governments covered most of the

salaries for employees who held on to their jobs but couldn't go to work.

Some companies temporarily raised the wages of workers who were obliged to work during the pandemic despite the risks of becoming infected.

Young workers were among the most likely to become unemployed during the pandemic. In the U.K., nearly two-thirds of the workers who lost jobs during the early stages of the pandemic were under the age of twenty-five. In Canada, the government increased funding to its 2020 Canada Summer Jobs program to create up to 70,000 summer jobs for workers ages fifteen to thirty in the wake of the pandemic. It also temporarily paused repayments of student loans for six months and later suspended the accumulation of interest on student loans for two years.