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RESEARCH 02

Social Equality

Income, Wealth and the Conditions of Life

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Abstract

Social equality cannot be inferred from income alone. Economic resources matter because they shape the conditions under which people live, work, learn, remain healthy, absorb shocks and participate in society. Income is a flow of command over resources; wealth is a stock of security and economic power; employment determines both earnings and exposure to risk; housing locates people within labour markets and public services; education builds capabilities and also sorts access to opportunity; health both reflects and constrains social position; and social protection changes the consequences of adverse events. These domains are analytically distinct but empirically interconnected.

This study develops a framework for understanding how economic inequality becomes social inequality. It argues that social equality is best analysed through the **conversion of resources into conditions of life**. The same nominal income can generate different degrees of security and freedom depending on housing costs, public services, health, family responsibilities, debt and access to social protection. Conversely, unequal income and wealth can have effects far beyond consumption when they alter exposure to risk, bargaining power, access to high-quality institutions and the ability to make long-term choices.

The empirical evidence shows large differences in the distribution of income, wealth and social protection. The global top 10 per cent receives approximately 52 per cent of income while the bottom half receives 8.5 per cent; wealth is more concentrated still. Across OECD countries, taxes and transfers materially reduce disposable-income inequality, yet major differences in housing, education, health and labour-market security remain. The COVID-19 shock and subsequent cost-of-living pressures demonstrate how pre-existing inequalities in savings, job security, housing and public protection translate into unequal resilience.

The paper proposes a **Social Equality Transmission Model** in which economic resources interact with institutions to shape five linked domains: material security, access to essential services, exposure to risk, capability development and social participation. Outcomes then feed back into future resources and, across generations, into the circumstances of children. Social equality therefore concerns neither identical resources nor identical outcomes. It concerns whether differences in economic position become cumulative differences in security, capability, voice and social standing.

Keywords: social equality; income inequality; wealth inequality; social mobility; housing; education; health inequality; social protection; labour markets; social participation

1. Introduction

Equality becomes socially consequential when differences in economic resources alter the conditions under which people can live as members of society. The issue is therefore broader than the distribution of money. Social equality concerns the relationship between economic position and social participation: whether differences in income, wealth or employment become differences in security, health, education, housing, voice and the capacity to plan a life.

This perspective has deep roots in social theory. T. H. Marshall distinguished civil and political citizenship from a social dimension of citizenship concerned with access to a basic

level of economic welfare and the ability to live according to prevailing standards of society.¹ Later relational approaches to equality similarly shifted attention from equal holdings towards the social relations within which individuals participate as equals rather than as superiors and inferiors.² The capability approach adds a further distinction: resources matter because of the substantive freedoms they enable, and individuals differ in their ability to convert the same resources into the same capabilities.³

The conceptual implication is important. Income is not the final object of social equality. It is one input into a larger process through which institutions and circumstances determine what people are actually able to do. A household with moderate income but secure housing, universal healthcare, high-quality public education and effective social insurance may possess greater economic security than a household with higher nominal income facing high rents, debt, medical costs and volatile employment. Equally, two households with the same disposable income can occupy very different positions if one owns appreciating assets while the other owns none.

This paper therefore treats **social equality as a problem of conversion and accumulation**. Resources are converted into conditions of life; conditions of life shape capabilities and participation; resulting outcomes alter future resources. The same mechanisms operate within a lifetime and across generations.

The analysis focuses on seven connected domains: income, wealth, work, housing, education, health and social protection. It then considers social participation and status as outcomes that cut across all seven. The objective is not to identify a single optimal level of equality. It is to establish how different forms of economic advantage and disadvantage combine, how they are moderated by institutions, and how they reproduce social position over time.

2. Social Equality: From Distribution to Social Position

A narrow distributive approach asks how much income or wealth different people possess. A social-equality approach asks a second question: **what follows from those differences?** Economic inequality becomes social inequality when resource differences systematically affect access to important institutions, exposure to risk or the capacity to participate on equal terms.

Three distinctions are useful. First, **resources** are stocks or flows that individuals can command: income, wealth, time, housing, education and access to services. Second, **conditions of life** describe the environments in which those resources are used: job security, neighbourhood quality, health, transport, childcare, digital access and protection against shocks. Third, **social position** concerns the resulting ability to act, participate and be recognised within institutions and society.

These categories are connected but not interchangeable. A rise in household income can improve material consumption without changing housing insecurity if rents rise at the same time. An educational credential can improve employment prospects without eliminating occupational discrimination. Universal healthcare can narrow the

¹T. H. Marshall, *Citizenship and Social Class, and Other Essays* (Cambridge: Cambridge University Press, 1950), 10-11, 28-29.

²Elizabeth S. Anderson, "What Is the Point of Equality?" *Ethics* 109, no. 2 (1999): 313-316, <https://doi.org/10.1086/233897>.

³Amartya Sen, *Inequality Reexamined* (Oxford: Clarendon Press, 1992), 19-30.

consequences of income inequality for access to treatment without changing the distribution of income itself. A pension system can reduce old-age poverty while leaving wealth inequality largely intact.

Social equality is therefore **multidimensional but not unstructured**. The domains reinforce one another through identifiable pathways. Economic resources purchase goods and services, but they also purchase time, flexibility and resilience. Wealth provides not only consumption possibilities but collateral, inheritance and protection against risk. Housing is simultaneously shelter, location and an asset. Education is simultaneously a capability, a credential and a channel into occupations. Health is both an outcome and a condition for work and participation. Social protection changes the economic consequences of unemployment, illness, disability, parenthood and ageing.

This interdependence explains why inequality can be cumulative. A disadvantage in one domain can propagate into others. Conversely, strong public institutions can interrupt that transmission by reducing the degree to which private resources determine access to essential capabilities.

Table 1. Core domains of social equality

Domain	Primary resource	Conversion mechanism	Social consequence
Income	Current purchasing power	Consumption, saving, access to services	Material living standard
Wealth	Assets and net worth	Security, collateral, inheritance, risk absorption	Economic power and resilience
Work	Earnings, time and employment rights	Wages, stability, control, progression	Security, status and bargaining power
Housing	Shelter, location and property	Access to jobs, schools, services and asset appreciation	Place-based opportunity and security
Education	Knowledge, skills and credentials	Capability formation and institutional sorting	Access to occupations and participation
Health	Physical and mental capability	Ability to learn, work and participate	Life chances and effective freedom
Social protection	Collective insurance and transfers	Buffering shocks and life-course risks	Income security and resilience
Participation	Voice, networks and recognition	Representation, information and influence	Standing as a social equal

3. Income and Wealth: Different Forms of Economic Power

Income and wealth are often grouped together, but they play different social roles. Income is primarily a flow. It determines current command over consumption and saving. Wealth is a stock. It provides security, generates returns, can be used as collateral, creates the capacity to take risks and can be transferred across generations. The distribution of wealth can therefore matter even where current incomes are similar.

The scale of global economic inequality is substantial. The *World Inequality Report 2022* estimates that the global top 10 per cent receives around 52 per cent of total income, while the bottom 50 per cent receives 8.5 per cent. Wealth is more concentrated: the bottom half owns only about 2 per cent of global net wealth.⁴ These figures do not by themselves

⁴Lucas Chancel et al., *World Inequality Report 2022* (Cambridge, MA: Harvard University Press, 2022), 21.

establish what distribution would be just, but they demonstrate how unevenly economic resources are held.

Wealth concentration is particularly significant because assets compound. Returns on assets can be reinvested; home ownership can generate capital gains; business and financial assets can appreciate; and inherited wealth can alter education, housing and entrepreneurial opportunities before labour-market earnings begin. Research using capitalised income-tax data in the United States, for example, documents a substantial rise in top wealth shares over the twentieth and early twenty-first centuries.⁵

Income distribution is also shaped by institutions. Market income reflects wages, self-employment, capital income and other private sources; disposable income adds public transfers and subtracts direct taxes. Across OECD countries, the average Gini coefficient for the working-age population in 2019 was 0.41 before taxes and transfers and 0.31 after them.⁶ The difference is analytically important: observed disposable-income inequality is partly the result of market institutions and partly the result of public redistribution.

But disposable income remains incomplete as a measure of social position. In-kind public services are not fully captured. Neither is wealth. Nor is unpaid care, job security or access to low-cost public infrastructure. A household can therefore move up or down an income distribution without an equivalent change in effective security or capability.

The distinction between income and wealth also helps explain why **economic inequality may persist despite income mobility**. A young adult may earn more than a parent while remaining unable to acquire housing or financial assets because asset prices have risen faster than earnings. Conversely, inherited wealth can reduce the need for current income by lowering housing costs or providing access to capital. Social equality therefore requires simultaneous attention to flows, stocks and the institutions that convert each into life chances.

4. Work and Economic Security

For most working-age households, employment is the main route through which income is generated. Yet the social significance of work extends beyond wages. Employment determines time, status, social networks, access to benefits, exposure to risk and often the geographic possibilities available to a household.

The quality of work therefore matters alongside the quantity of employment. Two jobs with the same annual earnings can create very different conditions of life if one provides predictable hours, autonomy, paid leave and protection against dismissal while the other provides volatile hours, weak bargaining power and no effective social insurance. Employment inequality is thus partly an inequality of **control over time and risk**.

The labour-market recovery following the pandemic demonstrated this distinction. The ILO warned in early 2023 that slowing growth could push workers towards lower-quality, poorly paid employment lacking security and social protection.⁷ Inflation added a further

⁵Emmanuel Saez and Gabriel Zucman, "Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data," *Quarterly Journal of Economics* 131, no. 2 (2016): 519-522, <https://doi.org/10.1093/qje/qjw004>.

⁶OECD, *Government at a Glance 2023* (Paris: OECD Publishing, 2023), 177-178, <https://doi.org/10.1787/3d5c5d31-en>.

⁷International Labour Organization, *World Employment and Social Outlook: Trends 2023* (Geneva: ILO, 2023), 17-25, <https://doi.org/10.54394/SNCP1637>.

distributional pressure. The same report noted that global real wages were estimated to have fallen in 2022 as price increases outpaced pay, with food and energy costs especially consequential for poorer households because they consume a larger share of income.⁸ The OECD similarly reported in July 2023 that real wages had fallen in almost all OECD countries even as labour markets remained tight.⁹

Work also distributes bargaining power. Wage-setting institutions, collective bargaining, employment protection, minimum wages, professional licensing and the organisation of firms all influence how productivity gains and risks are shared. Economic inequality is therefore not produced only after the labour market operates; it is partly produced **inside the labour market** through the rules governing pay, bargaining and employment relationships.

This observation is central to the difference between redistribution and what is sometimes termed pre-distribution. Redistribution alters incomes after market outcomes have been generated. Labour-market institutions influence the initial distribution itself. Atkinson consequently argued that technology, employment policy, wage-setting, capital ownership and taxation should be analysed together rather than treating inequality as a problem that begins only after markets have produced incomes.¹⁰

Work also interacts with the life course. Unemployment can deplete savings and interrupt careers; insecure work can delay family formation or home purchase; poor working conditions can affect health; and periods outside paid employment can reduce pension accumulation. The social effect of a labour-market shock therefore extends beyond the wage lost during the period itself.

5. Housing and Place

Housing is unusual because it is simultaneously a necessity, a location and an asset. This triple role makes it one of the most powerful mechanisms connecting economic inequality to social inequality.

As shelter, housing absorbs a large share of household expenditure. As location, it determines proximity to employment, schools, healthcare, transport, public space and social networks. As an asset, owner-occupied housing is a major form of household wealth and a channel through which capital gains and inheritances are transmitted.

Across OECD countries, owner-occupied housing accounts on average for approximately half of total household wealth and more than 60 per cent of middle-class wealth.¹¹ Housing wealth is nevertheless unequally distributed. Across 29 OECD countries, households in the top wealth quintile held approximately 46 per cent of gross owner-occupied housing wealth and around 75 per cent of secondary real-estate wealth.¹²

These differences matter socially because housing markets can convert wealth inequality into geographic inequality. Households able to purchase in high-cost areas may gain access

⁸International Labour Organization, *World Employment and Social Outlook: Trends 2023*, 24.

⁹OECD, *OECD Employment Outlook 2023: Artificial Intelligence and the Labour Market* (Paris: OECD Publishing, 2023), chap. 1, <https://doi.org/10.1787/08785bba-en>.

¹⁰Anthony B. Atkinson, *Inequality: What Can Be Done?* (Cambridge, MA: Harvard University Press, 2015), chaps. 6-8.

¹¹OECD, *Housing Taxation in OECD Countries*, OECD Tax Policy Studies 29 (Paris: OECD Publishing, 2022), executive summary and chap. 2, <https://doi.org/10.1787/03dfe007-en>.

¹²OECD, *Housing Taxation in OECD Countries*, 42.

not only to an appreciating asset but also to schools, employment clusters, transport and neighbourhood amenities. Where public services are locally financed or strongly place-dependent, residence becomes a mechanism through which private resources affect access to public opportunity.

Housing costs can also reverse the apparent meaning of nominal income. A household with a higher salary in an expensive urban labour market may have less disposable capacity after rent or mortgage payments than a lower-income household with secure low-cost housing. Measures of social equality should therefore distinguish nominal resources from **resources after unavoidable costs**.

Place has an additional intergenerational dimension. Chetty and colleagues found substantial geographic differences in upward mobility across the United States and identified correlations with residential segregation, income inequality, school quality, social capital and family stability.¹³ The study does not establish that any single factor causes mobility, but it demonstrates that the geography of childhood is associated with later economic outcomes.

6. Education and the Distribution of Capability

Education is both intrinsically valuable and institutionally consequential. It develops literacy, knowledge and skills, but it also allocates credentials, networks and access to occupations. This dual role makes education one of the principal conversion mechanisms between childhood circumstances and adult social position.

Formal access to education does not guarantee equal educational capability. Differences can arise through early-childhood development, school quality, teacher resources, home learning environments, digital access, language, disability support, private tutoring and the capacity of families to finance further study. The same nominal right to attend school can therefore coexist with substantial differences in educational experience.

UNESCO's 2020 Global Education Monitoring Report documented the breadth of exclusion. It found that only a small minority of countries had legal frameworks providing comprehensively for the inclusion of all learners, and it identified poverty, location, disability, gender, ethnicity, language, migration status and other characteristics as potential sources of exclusion.¹⁴ During pandemic-related school closures, roughly 40 per cent of low- and lower-middle-income countries did not provide specific support to learners at risk of exclusion.¹⁵

Education can reduce inequality by expanding capabilities, but it can also reproduce inequality when access to high-quality education is stratified. Bourdieu's concept of cultural capital highlights how families transmit knowledge, dispositions and institutional familiarity in addition to economic resources.¹⁶ These forms of capital can shape how effectively children navigate educational institutions even when formal rules are identical.

¹³Raj Chetty et al., "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," *Quarterly Journal of Economics* 129, no. 4 (2014): 1553-1557, <https://doi.org/10.1093/qje/qju022>.

¹⁴UNESCO Global Education Monitoring Report Team, *Global Education Monitoring Report 2020: Inclusion and Education - All Means All* (Paris: UNESCO, 2020), overview and chap. 2.

¹⁵UNESCO Global Education Monitoring Report Team, *Global Education Monitoring Report 2020*, 28.

¹⁶Pierre Bourdieu, "The Forms of Capital," in *Handbook of Theory and Research for the Sociology of Education*, ed. John G. Richardson (New York: Greenwood Press, 1986), 241-258.

The relation between education and equality is therefore not captured by years of schooling alone. Relevant questions include who enters, what quality of education they receive, what they learn, what credentials they obtain, what debt or opportunity costs they incur and how those credentials are rewarded in labour markets.

Education is also a bridge to the next research question: equality of opportunity. If educational attainment remains strongly associated with parental resources, equal formal access to labour markets cannot by itself create fair opportunity. The deeper issue is how far social circumstances shape the capabilities with which individuals enter competition.

7. Health and the Social Gradient

Health is sometimes treated as a consequence of social inequality. It is also one of its causes. Poor health can constrain education, employment, income, mobility, caring responsibilities and participation. A health disadvantage can therefore become an economic disadvantage, which can in turn worsen health.

The World Health Organization's Commission on Social Determinants of Health framed health inequality explicitly in terms of the conditions in which people are born, grow, live, work and age and the unequal distribution of power, money and resources.¹⁷ One of its central findings was the existence of a **social gradient in health**: health outcomes tend to worsen progressively with lower socioeconomic position rather than changing only at a simple poverty threshold.

This is important for social equality because it shows that essential capabilities depend on conditions outside healthcare systems alone. Housing quality, work, education, income security, nutrition, environmental exposure, transport and social support can all affect health. Equal access to medical treatment is therefore important but insufficient to establish health equality.

Health also changes the effective value of income. A household facing disability, chronic illness or significant care needs may require greater resources to attain the same mobility, participation or security as another household. This is precisely the type of conversion difference emphasised by the capability approach.

The pandemic made these interactions visible. Health risks differed by occupation, housing conditions and the feasibility of remote work. Economic consequences differed according to sick-pay arrangements, job security, savings and access to social protection. The same biological threat therefore operated through unequal social structures.

8. Social Protection and Public Services

Private resources do not determine conditions of life in isolation. Public institutions alter the connection between market income and effective capability. Social protection, healthcare, education, childcare, transport and other public services can reduce the amount of private income required to achieve a given level of security and participation.

Social protection is especially important because many of the events that create poverty or insecurity are risks rather than permanent characteristics: unemployment, illness,

¹⁷World Health Organization Commission on Social Determinants of Health, Closing the Gap in a Generation: Health Equity through Action on the Social Determinants of Health (Geneva: WHO, 2008), 1-2, 26-27.

disability, parenthood, bereavement and ageing. Insurance pools those risks across individuals and time.

Coverage, however, is highly unequal. The ILO estimated that in 2020 only 46.9 per cent of the global population was effectively covered by at least one social protection benefit, leaving 4.1 billion people without any such protection. Coverage ranged from 83.9 per cent in Europe and Central Asia to 17.4 per cent in Africa.¹⁸

The distributional impact of public institutions can be seen directly in income data. As noted above, taxes and transfers reduce the average working-age Gini coefficient across OECD countries substantially.¹⁹ But cash redistribution is only part of the effect. Publicly financed health, education and care services change household budgets and capabilities even where they do not appear as cash income.

The World Bank's analysis of fiscal responses to COVID-19 illustrates the importance of institutional capacity. It estimated that the pandemic pushed about 70 million additional people into extreme poverty in 2020, while fiscal responses in wealthier countries were generally much more capable of offsetting household losses than those in poorer economies.²⁰ The result was not simply a difference in the size of the initial shock, but a difference in the institutions available to absorb it.

Social protection therefore acts as a **social equaliser of risk**. It does not remove differences in income or wealth, but it can reduce the extent to which unemployment, illness or old age translate into destitution or exclusion. Conversely, weak protection can make the same economic shock far more consequential for households with limited private assets.

9. Participation, Status and Social Capital

Social equality ultimately concerns participation. Economic resources matter partly because they affect whether people can take part in institutions, communities and public life on equal terms.

Participation has material preconditions. Time, transport, digital access, stable housing, education and health all affect the ability to join associations, engage politically, build professional networks or take part in community life. Financial insecurity can narrow attention towards immediate needs and reduce the capacity to make long-term investments in relationships, skills or civic activity.

Networks themselves can become a form of resource. Bourdieu distinguished social capital from economic and cultural capital, drawing attention to the advantages that can arise from durable networks and group membership.²¹ Such networks can transmit information, recommendations, trust and access to opportunities that are not distributed through formal markets alone.

Participation also has a relational dimension. Anderson's account of democratic equality emphasises relationships free from oppression and domination rather than equalising

¹⁸International Labour Organization, World Social Protection Report 2020-22: Social Protection at the Crossroads - in Pursuit of a Better Future (Geneva: ILO, 2021), 20.

¹⁹OECD, Government at a Glance 2023, 177-178.

²⁰World Bank, Poverty and Shared Prosperity 2022: Correcting Course (Washington, DC: World Bank, 2022), foreword and chap. 4, <https://doi.org/10.1596/978-1-4648-1893-6>.

²¹Bourdieu, "The Forms of Capital," 241-258.

every individual outcome.²² This makes status relevant to social equality. A person may possess sufficient income while still facing institutions in which their voice carries less weight or their social identity is treated as subordinate.

Economic inequality can interact with this relational inequality. Wealth can purchase professional representation, education, time and access to networks. Conversely, economic dependence can reduce the practical ability to refuse poor working conditions, leave unsafe housing or challenge institutional decisions. Resource inequality can therefore become an inequality of bargaining power and voice.

10. How Social Inequality Compounds

The central characteristic of social inequality is not that every disadvantage occurs together. It is that disadvantages can **compound through feedback**.

Consider a simplified sequence. Low household income may constrain access to secure housing. Housing location may affect school quality and commuting time. Educational outcomes influence employment. Employment determines income, social insurance and pension accumulation. Income and employment affect health, while health affects the ability to work. Limited savings make shocks more disruptive, potentially forcing moves, debt or withdrawal from education. Each domain becomes both an outcome of earlier inequality and an input into later inequality.

This mechanism also explains why wealth has outsized social significance. Wealth provides a buffer that can prevent one adverse event from spreading into other domains. A household with savings can absorb a period of unemployment without losing housing. It can finance retraining, relocate for work or manage unexpected care costs. A household without a buffer may experience the same event as a cascade.

The effect is cumulative across the life course. The *World Social Report 2023* emphasises that inequalities can accumulate with age through differences in work, health, savings and social protection, producing very different levels of security later in life.²³ The same accumulation extends across generations when housing, wealth, education and networks are transmitted to children.

This cumulative structure is the reason social equality should not be assessed using a single cross-sectional indicator. A distribution observed at one moment can conceal the processes through which social position has been created and the degree of resilience available when circumstances change.

Figure 1. The Social Equality Transmission Model

Economic resources	Conditions of life	Capabilities	Participation	Outcomes
Income wealth work	Housing services protection	Health knowledge agency	Voice networks status	Security mobility well-being
Institutions shape every conversion. Outcomes feed back into future resources and into the circumstances of the next generation.				

²²Anderson, “What Is the Point of Equality?” 313-316.

²³United Nations Department of Economic and Social Affairs, *World Social Report 2023: Leaving No One Behind in an Ageing World* (New York: United Nations, 2023), 79-101.

11. Shocks as Stress Tests of Social Equality

Crises are analytically revealing because they expose differences in resilience that may be less visible during periods of stability. The pandemic, the subsequent inflation shock and the rise in food and energy prices demonstrate how a common external event can produce different social consequences depending on prior resources and institutions.

The World Bank estimated that extreme poverty increased by roughly 70 million people in 2020, the largest one-year rise in its global monitoring series.²⁴ The same report concluded that losses were not evenly distributed: poorer households suffered disproportionately in income, education and health, while the ability of governments to offset those losses varied sharply with fiscal capacity and social-protection systems.²⁵

The cost-of-living crisis created a different but related stress test. Food and energy represent a larger share of expenditure for lower-income households, so identical percentage price increases impose unequal real burdens. ILO analysis described high food and energy prices as potentially existential for poorer households and reported a decline in global real wages in 2022.²⁶

These episodes show why **resilience belongs inside the concept of social equality**. Two households can appear similar in annual income before a shock yet differ dramatically in savings, debt, job security, housing tenure, access to family support and eligibility for public benefits. Equality measured only in ordinary times can therefore underestimate inequality in the capacity to withstand change.

A resilience perspective also clarifies the role of universal institutions. When access to healthcare, education or income protection is highly dependent on current employment or private wealth, a shock can simultaneously remove the resource and the protection attached to it. Where protection is more broadly pooled, the social consequences of market disruption can be more limited.

12. Measuring Social Equality

Because social equality spans multiple domains, measurement should be organised as a dashboard rather than compressed prematurely into a single index. A single composite number can be useful for communication, but it can obscure the mechanism through which inequality is produced.

At minimum, measurement should distinguish **stocks, flows, access, exposure and outcomes**. Income is a flow. Wealth is a stock. Education and healthcare can be measured as access and quality. Job insecurity and housing cost burdens represent exposure. Health, attainment and social mobility are outcomes. Social protection coverage measures institutional buffering.

Distribution should also be examined at multiple points. Means can improve while the bottom of a distribution stagnates. Median outcomes can conceal concentration at the top. Group averages can conceal large within-group differences. For this reason, social-equality analysis should routinely combine summary measures such as the Gini coefficient with percentile shares, poverty rates, wealth distributions and disaggregated outcomes.

²⁴World Bank, Poverty and Shared Prosperity 2022, foreword and chap. 1.

²⁵World Bank, Poverty and Shared Prosperity 2022, chaps. 2 and 4.

²⁶International Labour Organization, World Employment and Social Outlook: Trends 2023, 24.

Intergenerational indicators add a temporal dimension. OECD research describes limited mobility at both the bottom and top of social hierarchies, using the metaphors of “sticky floors” and “sticky ceilings”.²⁷ The World Bank's global evidence similarly finds large cross-country differences in educational and economic mobility and strong persistence of parental status in many developing economies.²⁸

Measurement should finally distinguish **inequality of outcome from inequality of conversion**. If two households with equal income face very different housing costs, disability-related expenses or access to public services, income equality overstates substantive equality. Conversely, public services can narrow differences in effective living standards without changing pre-tax income.

Table 2. A minimum dashboard for social equality

Measurement layer	Illustrative indicators	Question answered
Resources	Disposable income; net wealth; housing assets; time	What can households command?
Essential costs	Housing burden; childcare; transport; health costs	How much resource remains after necessities?
Institutional access	Education quality; healthcare; childcare; digital access	Which capabilities are publicly or privately accessible?
Risk exposure	Job insecurity; debt; illness; housing insecurity	How vulnerable is the household to disruption?
Protection	Benefit coverage; replacement rates; paid leave; pensions	How strongly are shocks pooled?
Capabilities	Health; learning; mobility; autonomy	What can people effectively do?
Participation	Civic engagement; representation; networks; trust	Can people participate as social equals?
Mobility	Intergenerational income, education and occupation	How persistent is social position over time?

13. Institutional Pathways to Greater Social Equality

The analysis above suggests that institutions influence social equality through several distinct channels. These channels should be separated analytically because they operate at different stages of the transmission process.

First, market distribution. Wage-setting, labour law, competition, technology, corporate governance and access to capital influence the initial distribution of earnings and returns. These institutions shape who participates in value creation and on what terms.

Second, redistribution. Taxes and cash transfers alter the distribution of disposable resources after market income has been generated. OECD evidence shows that this effect is quantitatively substantial, although its scale varies greatly between countries.²⁹

Third, universal and subsidised services. Education, healthcare, childcare, transport and housing provision can reduce the degree to which access to essential capabilities depends on private income. Their equalising effect is therefore not fully visible in cash-income statistics.

²⁷OECD, A Broken Social Elevator? How to Promote Social Mobility (Paris: OECD Publishing, 2018), 23-31, <https://doi.org/10.1787/9789264301085-en>.

²⁸World Bank, Fair Progress? Economic Mobility across Generations Around the World (Washington, DC: World Bank, 2018), 1-12.

²⁹OECD, Government at a Glance 2023, 177-178.

Fourth, social insurance. Unemployment benefits, sickness protection, disability support, parental leave and pensions pool risks across individuals and the life course. They reduce the probability that a temporary shock becomes a permanent social decline.

Fifth, asset formation. Housing, pensions, savings and access to productive capital determine whether households can accumulate buffers and participate in capital returns. Because wealth compounds and can be inherited, the distribution of asset ownership has long-term effects on social position.

Sixth, participation and voice. Collective bargaining, civic institutions, representation and access to information influence how rules are created and whose interests are reflected in them. Social equality is difficult to sustain where individuals possess formal rights but highly unequal practical capacity to influence institutions.

These channels are complements rather than substitutes. Redistribution can compensate for low wages without changing wage formation. Education can expand skills without ensuring access to assets. Social insurance can protect households against unemployment without affecting housing costs. Housing policy can improve security without changing political voice. A serious analysis of social equality therefore asks how institutions operate **as a system**.

Figure 2. Six institutional entry points into the social-equality system

1. Market distribution Wages, bargaining, competition, capital	2. Redistribution Taxes and cash transfers	3. Public services Education, health, care, transport
4. Social insurance Unemployment, illness, disability, ageing	5. Asset formation Housing, pensions, savings, productive capital	6. Participation and voice Representation, networks, collective institutions

14. The Social Equality Transmission Model

The evidence can now be integrated into a simple model. Social inequality is generated through a sequence of conversions rather than a single distribution.

The first layer is **economic resources**: income, wealth and employment. The second is the **conditions of life** through which those resources operate, including housing, essential services and social protection. The third is **capability**: health, education, mobility, time and agency. The fourth is **participation**: the ability to enter institutions, build networks, bargain and exercise voice. The fifth is **outcomes**: security, social position, mobility and well-being.

Institutions intervene between every layer. Public education changes the conversion of parental income into learning. Healthcare changes the conversion of income into health. Social insurance changes the conversion of job loss into poverty. Housing policy changes the conversion of wealth into geographic opportunity. Labour institutions change the conversion of productivity into wages. These are not peripheral corrections; they determine the transmission coefficients of the system.

The model is dynamic because outcomes return as resources. Income can become savings. Savings can become housing or capital. Education can become earnings. Poor health can reduce employment. Networks can open or close opportunities. Across generations, parental outcomes become children's circumstances.

This produces a more precise definition of social equality for the activism group e.U. research programme:

Social equality exists to the extent that differences in private economic resources do not become cumulative differences in basic security, capability, participation and social standing through the institutions that organise everyday life.

This definition does not require identical incomes, identical assets or identical outcomes. It focuses instead on the social consequences of economic difference. A society may tolerate considerable diversity of reward while still seeking to prevent resource differences from determining whether people can obtain education, remain healthy, withstand shocks, participate in institutions or provide their children with a meaningful opportunity to develop.

15. Directions for Further Research

Several questions follow directly from this framework. The first concerns **equality of opportunity**. If social position is produced through cumulative interactions among family resources, housing, education, health and networks, the relevant question is not simply whether institutions are formally open. It is how far circumstances at birth continue to predict later capabilities and outcomes.

A second direction concerns **gender**. Paid work, unpaid care, time, occupational structures, household resources, safety and representation interact in ways that cannot be understood through income data alone. Gender therefore provides an important test of the distinction between formal rights and effective social participation.

A third concerns **race and ethnicity**. Historical and contemporary institutional arrangements can affect housing, education, employment, health, wealth and treatment by public institutions. The social-equality framework allows these mechanisms to be examined across domains rather than reduced to a single measure of discrimination.

A fourth concerns **intersectionality**. Social disadvantages may interact rather than simply add. The effect of low income can differ by disability, gender, ethnicity, migration status or geography because each characteristic changes the institutional context in which resources are converted into capability.

The final direction concerns the architecture of an **Economy of Equality**. If social inequality is produced through market distribution, public services, social insurance, asset ownership and participation, then equality cannot be treated solely as redistribution after economic outcomes have occurred. The design of value creation, ownership, bargaining and access to productive resources becomes part of the inquiry itself.

16. Conclusion

Social equality is broader than income equality but cannot be understood without it. Income determines current command over resources. Wealth provides security, bargaining power and the capacity to absorb risk. Work distributes both earnings and control over time. Housing determines shelter, location and asset accumulation. Education develops capabilities and allocates credentials. Health shapes the ability to learn, work and participate. Social protection changes the consequences of adverse events. Participation determines whether individuals can act within institutions as social equals.

The empirical evidence demonstrates substantial inequality across each of these domains. Global income is highly concentrated and wealth more so. Housing assets are unevenly held. Social-protection coverage differs dramatically across regions. Educational inclusion

remains incomplete. Health follows a social gradient. Labour-market recovery can coexist with declining real wages and insecure work.

The central finding, however, is not simply that inequalities coexist. It is that they **transmit**. Resource differences become differences in conditions of life; those conditions shape capabilities; capabilities influence participation and outcomes; and outcomes become resources for the future. Shocks accelerate this process by revealing which households possess buffers and which do not.

For that reason, the appropriate unit of analysis is the social system rather than a single distribution. Taxes and transfers matter, but so do wage-setting institutions, housing markets, education, healthcare, social insurance, asset ownership and voice. Each changes the degree to which private resources determine effective freedom.

Social equality should therefore not be defined as a condition in which everyone possesses the same amount. It is better understood as a condition in which differences in economic resources do not systematically compound into differences in basic security, capability, participation and social standing.

This shifts the research question from **how unequal are incomes?** to a wider and more consequential question: **how far does economic position determine the conditions of a human life?**

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