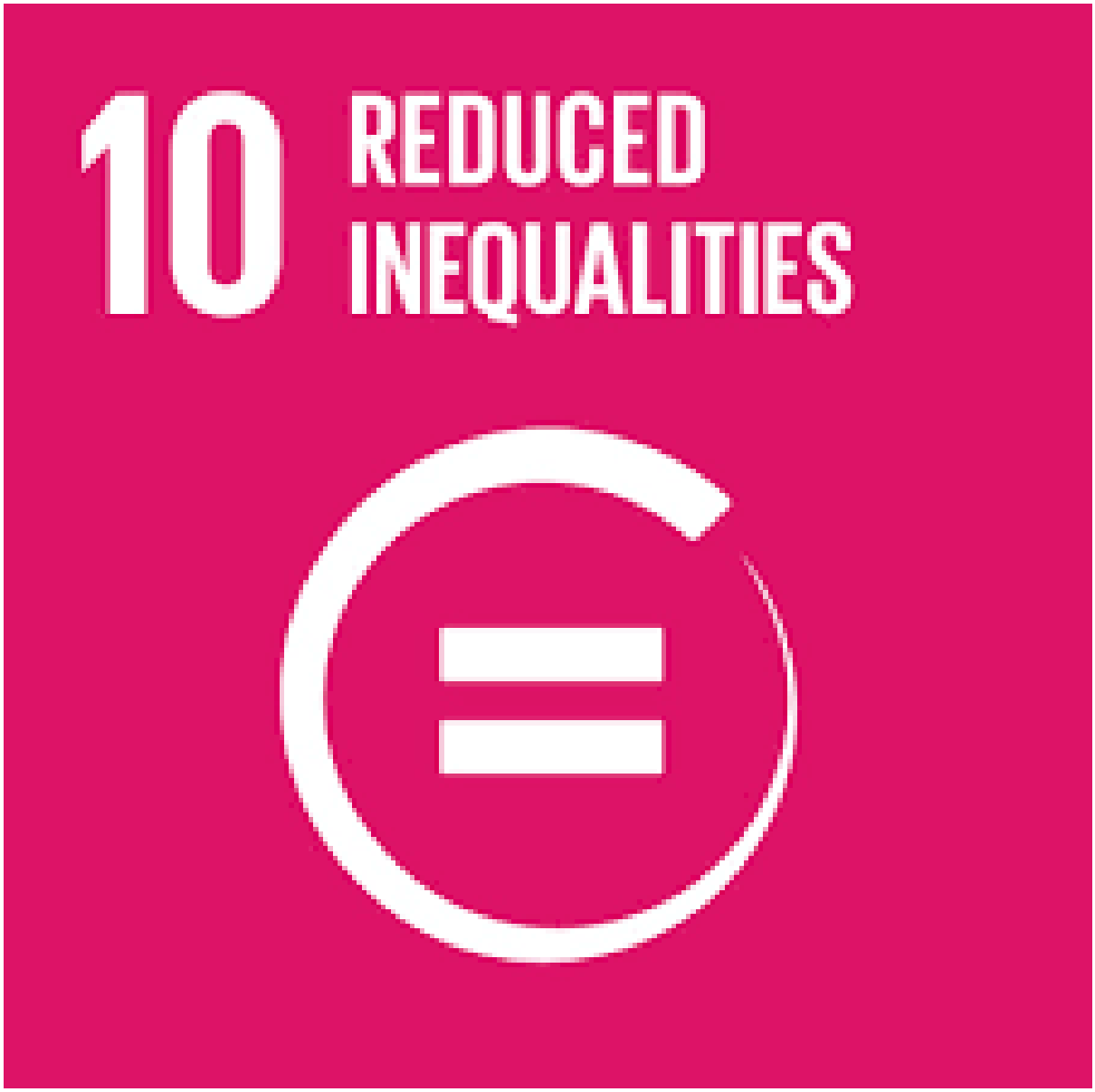
The Question of Reduction in Income Inequality



Background

Sustainable Development Goal 10: “Reduce inequality in and among countries.”

Almost every nation in the world operates under a system wherein salaries differ to some degree, and this often leads to exploitation of those who have less money for a variety of reasons. Often job prospects are based around the status of one’s education, and in many countries capital is required to gain an education, leading the poor to remain in poverty whilst the children of more privileged families gain a better education than their families and grow richer.

Income Inequality is defined as the unequal distribution of household or individual income across the various participants in an economy. This is often represented by a percentage, for example; in 2014 0,0004% of the world’s population held 12.8% of the worlds wealth. This seems absurd considering that almost three-quarters of the world’s adults hold less $10,000 in wealth. For comparison: 71% of people own 3% of the world’s wealth, and 8.1% of people own 84.6% of global wealth.

Numerous studies have highlighted a relationship between levels of income inequality in nations and mortality rate, illustrating the effect that a distinct lack of capital has on the poorest in a society where there are rich people.

On average income inequality increased by 11% in developing countries between 1990 and 2010, and 75% percent of people in developing nations are living in a society where income is more unevenly distributed than it was in the 1990’s.

Some of the primary targets of this Sustainable Development goal are to sustain income growth at the bottom 40% of people above the national average, to implement special and differential treatment is less developed nations, and to eliminate remittance corridors

higher than 5%. Remittance corridors are the routes by which an individual or company in one country can send money to someone in another country.

Solutions

There are many solutions already laid out as targets of the SDG, and solutions can be built off of these targets. International cooperation is key to resolving these issues, and so collaboration should be encouraged in any resolution that attempts to deal with this issue.

Finance will naturally be an issue in many nations, and it may therefore be worth looking into the possibility of having the UNDP (United Nations Development Programme) allocate funds to countries in order to implement programs that seek to end income inequality.

Preventative measures should also be taken to ensure that future generations are not burdened with this issue. Safeguards should be in place to ensure that developing nations are not allowed to develop so rapidly that they leave the majority of their population behind as this is unsustainable and creates serious income inequality.

Although solutions involving the rights and privileges of workers are firmly within national jurisdiction it is worth noting that many problems of income inequality could be fixed if the government decided to play a firmer role in their economy. Governments should aim to set up more schemes of work, and employ citizens if necessary, as this will not only reduce inequality but fuel economic growth as well. Where possible wages should rise in line with inflation, and the minimum wage should be increased where necessary.

By enforcing labour laws that benefit workers, workers are more likely to receive fair wages for their work, thus helping to eliminate a huge source of income inequality: exploitation. A lot of countries have an issue of exploitation of working people, and this often means that those without capital are working to make those who already have money richer, thus increasing income inequality.

Increase the number of apprenticeship schemes in nations with large income inequality to try and bridge the gap and propel people without jobs into skilled, paid work. An emphasis should also be put on education for children from low-income families, as education is a key tool in becoming financially independent.

https://www.oecd.org/eco/growth/49421421.pdf this is a link to the OECD document concerning solutions for preventing income inequality.

Efforts should be made to facilitate and encourage trade deals and therefore the flow of wealth between nations in order to reduce income inequality between nations. By contributing infrastructure and financial aid to nations that are less economically developed more economically developed nations can help to reduce the gap between the richest and poorest countries, and although it is ambitious a solution could be to require a specific aid contribution by nations that have more than a certain GDP per capita, thus making a requirement of rich countries to aid developing nations. Keep in mind when writing resolutions the likelihood of nations agreeing to your demand in real life.

Key Nations

Saudi Arabia

Saudi Arabia is rated the worst in the world for income inequality on the GINI scale, with a score of 45.9. The GINI scale measures the distribution of income in a population on a scale of 0 to [100] -- 0 being perfectly equal distribution and [100] being perfectly unequal distribution. For example, if you had a population of 10 people and each person got $5 in income, your Gini coefficient would be 0. On the other hand, if you had a population of 10 people and one person got $50, the Gini coefficient would be 1. This is mainly due to the increasing rate of poverty in the youth in Saudi Arabia being displayed against the massive wealth of the Royal Family.

Ukraine

Ukraine is often rated as one of the most equal income societies in the world according to the GINI index, but this is partly due to the fact that the economic state of the nation has steadily decreased for everyone. Still, it may be worth looking into the Ukrainian economic system for ideas as to how we should tackle the problems we see in other countries.