

# Income inequality



The idea of **income inequality** refers to a considerable disparity in the distribution of **earnings** among individuals, groups, populations, social classes, or entire countries.

## ■ Related forms of inequality

Income inequality is often accompanied by other forms of inequality such as:

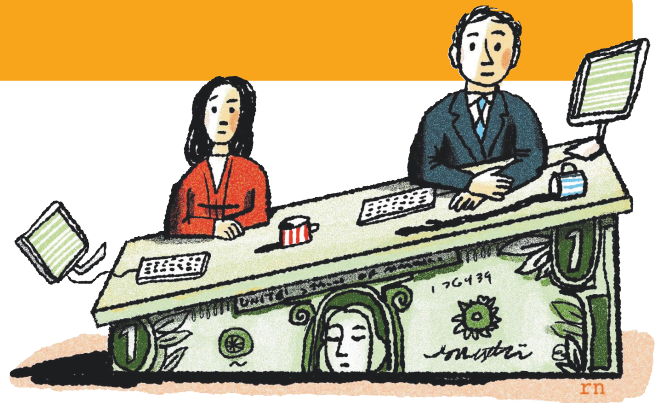
- **Pay inequality**, which refers to payment from employment. Wages are determined by the labour market: if a large number of workers can offer skills that few employers need, the pay they are willing to offer is low. **Conversely**, if only a few workers can offer the needed skills, the demand increases as well as the pay;
- **Wealth inequality**, which refers to all the properties owned by a person or a household, including **real estate assets**, shares or commercial goods, which may also contribute to income.



## ■ Causes of income inequalities

There are several factors contributing to income inequality, such as:

- **geographical location**: wages in poor regions are usually lower than in rich ones. Wealthy neighbourhoods have
- larger concentrations of white-collar and managerial class workers, whereas poor areas have much larger concentration of blue-collar workers;
- **gender**: even though the situation can vary depending on race and location, women are noticeably paid less than their male co-workers;



- **education**: the level of education is often proportional to a worker's wage; through education people acquire more advanced skills that can help them get a better paid job;
- **growth in technology**: in many jobs, such as manufacturing and packaging, machinery substitutes humans, causing more unemployment, particularly among unskilled workers.

## ■ The impact of economic inequalities

The income gap has a deep impact on:

- people's living conditions;
- education opportunities for children from poor backgrounds;
- economic growth, due to the lower spending capacity of large sections of the population;
- people's security, because it can generate conflicts and criminality;
- minorities, who are even more discriminated.

## ■ Fighting poverty

High income inequality is the main cause for persistent poverty in many countries within Eastern and Southern Asia as well as in Sub-Saharan Africa. The situation has worsened due to the Covid-19 pandemic, which has badly endangered the **livelihood** of millions of people worldwide. The international community is well aware of the urgent need to **tackle** poverty, which represents the first of the 17 Sustainable Development Goals of the 2030 Agenda.

**asset**: *risorsa, bene*  
**conversely**: *al contrario*  
**earnings**: *entrate, reddito*  
**income**: *entrate, reddito*  
**livelihood**: *mezzi di sostentamento*  
**real estate**: *immobiliare*  
**to tackle**: *contrastare*

The term *income* includes both the money a person receives from their employment, and what they get from any form of investment.

## 1 Match the words given below to their correct definition.

blue-collar workers • disparity • white-collar worker • employer • unskilled • income

1. A lack of equality, especially in a way that is not fair. ....
2. Lacking technical training. ....
3. A sum of money including any wages, interest payments or rent received in a given period. ....
4. Name given to people who perform manual labour. ....
5. A person who performs professional, desk, managerial or administrative work. ....
6. An individual or organisation that hires and pays people for their work. ....



## 2 Fill in the gaps transforming the words in brackets into a suitable form.

### SDG 10 – Reduce Inequality within and among Countries: What Exactly is this Goal?

Income inequality around the world is on the rise. The **1.** .... (rich) 10% of the population earns 40% of the total world income, while the poorest 10% holds between 2% and 7%. At the same time, the inequality between the rich and the poor within several world countries is also increasing.

In **2.** .... (development) countries, in particular, internal inequality increased by 11% in the period between 1999 and 2010.

These differences affect income **3.** .... (equal) among people, access to decent work and health and education services. In addition, there are some groups of vulnerable people, such as migrants or the **4.** .... (able), who suffer an even greater disparity regarding opportunities.

Inequality is an obstacle to **5.** ....

(society) and economic development, increasing global poverty and discouraging people's spirit of **6.** .... (achieve) and self-esteem. SDG 10 aims to reduce disparities in income and opportunities between countries as well as within them. It aims to reduce poverty in the more **7.** .... (advantage) areas, encouraging social, economic and political **8.** .... (include) for everyone by promoting policies at an international level to improve **9.** .... (regulate) and control of the markets and **10.** .... (finance) institutions.

Moreover, it should facilitate the responsible and safe migration of migrants.

Adapted from: <https://www.globalcompactnetwork.org/en/the-un-global-compact-eng/sdgs/business-sdgs/1513-sdg-10-reduce-inequality-within-and-among-countries.html#:~:text=SDG%2010%20aims%20to%20reduce,of%20the%20markets%20and%20financial>