



WORLD AFFAIRS COUNCIL of Philadelphia

REDUCING INCOME INEQUALITY BETWEEN & AMONG COUNTRIES

Topic Background for the General Assembly on Reducing Income Inequality Between & Among Countries

“The vision and promise of the United Nations is that food, healthcare, water and sanitation, education, decent work and social security are not commodities for sale to those who can afford them, but basic human rights to which we are all entitled.” — António Guterres, the Secretary-General of the U.N.

Understanding Income Inequality

When the world’s population reached 8 billion people in 2022, UN Secretary-General António Guterres said that if **income** inequality is not reduced and continues as it has, “we are setting ourselves up for an 8-billion-strong world filled with tensions and mistrust, crisis and conflict.”ⁱ Data supports the Secretary-General’s comments because when countries continue to face more inequality overall, it weakens trust in the government and worsens poverty. These include other consequences to society, such as more violent crime and less funding for government programs to help those in need, including **welfare** spending.ⁱⁱ



This photograph of two South African neighborhoods by artist Johnny Miller, from his “Unequal Scenes” series, was featured on Time Magazine’s cover.

Income inequality between countries occurs when many people in one country make high incomes, but in another country, only a very small number of people make high incomes. Within countries, income inequality happens when a small group of people make a lot of money, while most other people in the country make a small amount of money. This can happen because of government decisions about how to run the **economy**, how to **tax** people, and how to give people or families financial help. Across countries, where and when **industrialization** happened, the ability of governments to serve their people, and the effects of **colonialism** can influence why some countries have a population with higher incomes or more equal incomes.

The **Gini Index** measures income inequality, but it is not a perfect tool since it does not explain why income inequality happens. For example, the Gini Index does not show how income is spread among different groups or what events led to current income inequality. Education is especially important to understanding how and why income inequality continues to happen. When a population becomes more educated, incomes become more equal, and Gini Index data shows this too.ⁱⁱⁱ Countries with higher gender inequality or discrimination against different groups usually have higher income inequality. Only 65 percent of women, compared to 75 percent of men, even have bank accounts.^{iv}



WORLD AFFAIRS COUNCIL of Philadelphia

Sustainable Development Goal 10



The United Nations (U.N.) has pledged by 2030 to uplift those who make the least income so that their wages are similar to other income earners in their countries. It also is working to empower the participation and inclusion of all people regardless of gender, ethnicity, or religion etc., in the economy. Similarly, the U.N. is working towards getting rid of discriminatory policies that create income inequality.

In February of 2023, the U.N. published an article that read, “Halfway to 2030, we are far off track ... This must be the year when we lay the foundations for more effective global cooperation.”^v

Key Challenges

Challenge 1: Tackling Within Country Income Inequality

Within-country income inequality is often a result of a country’s decisions on economic policy. The Brookings Institute wrote that income inequality within a country happens because of **globalization**, lack of technology, and policies that do not encourage the growth of financial services, like banks and insurance companies, and who can use them.^{vi} The author of this report, Zia Qureshi, also reported that growing inequality within countries has been a large part of global inequality since 1980, and that income inequality, while it is slowly improving globally, is worsening in countries that have higher incomes.^{vii}

Challenge 2: Reducing Effects of Other Forms of Inequality

Other forms of inequality are connected to income inequality. For example, women and ethnic and/or religious minorities are the most likely groups to be discriminated against, and that discrimination can impact their income. Who gets to take part in the economy (having a job, a bank account, or being able to borrow money), earn wages, and/or have a credit card influences income equality for one country and thus the world.

Unequal income between men and women, or women holding jobs less often than men, creates gaps in income and makes overall income inequality worse.^{viii} Part of why men in many places have higher incomes than women is because they can more easily access other services like education, health services, and financial services. **Marginalized** groups and immigrants face similar issues and are more likely to be excluded from society, financial institutions, and ways to stand up for themselves if they are mistreated in the workplace. A special report about minority inclusion from the U.N. expressed concern over this issue as member states did not include data that is necessary to measure the inclusion of marginalized and vulnerable groups, such as certain religious or ethnic communities, or **indigenous peoples**.^{ix}



WORLD AFFAIRS COUNCIL *of Philadelphia*

Possible Solutions

In order to fight within-country, the U.N. in the past has given **aid** to countries through the United Nations Development Program (UNDP), the largest source of funding that helps uplift women and minorities. In 2022, the UNDP created 188 women-led partnerships to support female leadership and participation. The UNDP also helped to **employ** 11 million people and create better living conditions for people in places dealing with crises,^x which may include natural disasters or war. Supporting and funding this program can help reduce income inequality as local economies grow.



The UNDP's Women@Work campaign advocated for more women in the workplace in India.

More financial assistance could also be given to the International Labor Organization (ILO), part of the United Nations. The ILO's goal is to promote fair working rights for all people, especially young people and women, by creating safe worksite conditions and equal opportunities. In the Philippines, the ILO worked with **trade unions** and other organizations to bring **domestic workers** into the **formal economy**. When workers are in the formal economy, the way that their bosses should treat them and pay them is more clear, and workers are often treated better as a result.

Education is also at the root of income inequality. More funding for the UN Children's Fund or the United Nations Educational, Scientific and Cultural Organization (UNESCO) can give future workers a better chance at making a higher income and being able to apply to more jobs. Major Programme I is one example of UNESCO's efforts. This program helps countries that struggle with providing education up to the standards of developed countries by coordinating with member states of the United Nations to craft better education policy. There is a special focus in this program towards helping women.



WORLD AFFAIRS COUNCIL
of Philadelphia

Additional Resources

- **[Sustainable Development Report 2023 \(sdgindex.org\)](https://sdgindex.org)**
This Report includes a visual map with progress on every SDG in each country
- **[CIA World Factbook \(Online Resource for Country Statistics\)](#)**
A helpful resource that provides information and statistics on a country's history, people, government, economy, geography, and more.
- **[Goal 10: Reduced inequalities - The Global Goals](#)**
The Global Goals provides an overview of SDG 10 and its targets.
- **[Reduce inequality within and among countries - Our World in Data](#)**
Our World in Data provides important statistics on inequality within countries, policies that promote inequality within countries and rates of economic discrimination.
- **[Fairness for Children - Income and Education Inequality \(youtube.com\)](#)**
This video by UNICEF gives an overview of how inequality impacts children specifically.
- **[Home | United Nations Development Programme \(undp.org\)](#)**
The United Nations Development Programme, or UNDP, is the main organ of the United Nations that works to solve income inequality. Through this site, you can learn more about their programs around the world.
- **[Inequality – Bridging the Divide | United Nations](#)**
This report by the United Nations gives a great overview of what needs to be done to reduce income inequality worldwide.



WORLD AFFAIRS COUNCIL
of Philadelphia

Glossary of Terms

Term	Definition
Aid	Aid can be food, medical supplies, or money. Typically, the U.N. gives aid in all of those forms, but many times they give aid in the form of money so countries can decide how to use the money. Aid can also refer to “assistance,” which means that the U.N. might send people to help a country use their aid.
Colonialism	Colonialism is when a country takes over another country or area of land.
Domestic Workers	A domestic worker is someone who works in a household, doing tasks like laundry, cleaning, cooking, or taking care of children.
Economy	An economy is a network of making and trading goods (clothes or a video game) and services (a haircut or an oil change for a car).
Employ	To employ someone is to have them work for another person or organization. When someone is employed, they have a job. An employer is someone who has people work for them.
Formal Economy	The formal economy can be regulated by the government, and in many cases, it is. The formal economy also has clear rules and responsibilities for both workers and employers; this protects workers and employers from misunderstanding or not having their needs met. In a formal economy, workers have a set amount of money they earn and a set amount of time they have to work; this way workers are not overworked and not paid enough.
Gini Index	The Gini Index is a way of measuring how equal or unequal incomes are within a country. The Gini Index is on a scale of 0 to 1. A country with a score of 0 has perfect equality, and a country with a score of 1 has total inequality.
Globalization	This is the process of businesses around the world starting to work internationally, meaning they might start doing business outside of their country or they might start making their products outside of their country. This process makes the economy bigger by including more people in the making or delivery of different things.
Income	New money earned after selling or producing something. Example: A baker sells a loaf of bread, and the money that remains after paying for ingredients or other bakers is the baker’s income.
Indigenous Peoples	This is a group of people that have deep ties to where they live; this group typically has a long history of living in that area. This group typically has specific traditions or beliefs related to where they live.
Industrialization	Industrialization is the process of scientific and technological growth. The United States had an industrial revolution in the 1800s when cars and airplanes were created.
Marginalized	Groups are marginalized when they are pushed out of society or treated as though they are not important.
Tax	This is money that people have to pay to the government. There are many kinds of taxes, and people in many countries (like the U.S.) have to pay income tax, so some of the money a person makes goes to the government. A tax is like a cost for doing something or participating in a certain act.
Trade Unions	A trade union is a group of workers, and they usually do the same job (like carpentry or making cars), that try to talk with employers to get more money (higher income) or better working conditions (like making the workplace safer and cleaner).
Welfare	Aid in the form of money or necessities for those in need.



WORLD AFFAIRS COUNCIL
of Philadelphia

-
- ⁱ “Press Release: As the world’s population hits 8 billion people, UN calls for solidarity in advancing sustainable development for all” - <https://www.un.org/sustainabledevelopment/blog/2022/11/press-release-as-the-worlds-population-hits-8-billion-people-un-calls-for-solidarity-in-advancing-sustainable-development-for-all/>
- ⁱⁱ “Causes and Consequences of Income Inequality – An Overview” by Matthew Polacko - <https://www.degruyter.com/document/doi/10.1515/spp-2021-0017/html>
- ⁱⁱⁱ “Income Distribution Within Countries: Rising Inequality” by Kemal Derviş and Zia Quresh - <https://www.brookings.edu/articles/income-distribution-within-countries-rising-inequality/>
- ^{iv} “Unearthing the Gender Gaps in Financial Inclusion” - <https://genderdata.worldbank.org/data-stories/financial-inclusion/>
- ^v “Turn words into action to get world back on track for 2030 goals” - <https://news.un.org/en/story/2023/02/1133452#:~:text=The%20UN%20says%20the%20world%20is%20not%20on,to%20meet%20the%20Sustainable%20Development%20Goals%20in%202030.>
- ^{vi} “Trends in Income Inequality: Global, Inter-Country, and Within Countries” - <https://www.brookings.edu/wp-content/uploads/2017/12/global-inequality.pdf>.
- ^{vii} “Trends in Income Inequality: Global, Inter-Country, and Within Countries” - <https://www.brookings.edu/wp-content/uploads/2017/12/global-inequality.pdf>.
- ^{viii} “Why gender and income inequality are linked” - <https://www.weforum.org/agenda/2015/10/why-gender-and-income-inequality-are-linked/>
- ^{ix} “Minorities, equal participation, social and economic development and the 2030 Agenda for Sustainable Development” - <https://undocs.org/Home/Mobile?FinalSymbol=A%2F76%2F162&Language=E&DeviceType=Desktop&LangRequested=False>
- ^x “United Nations Development Report 2022” - https://annualreport.undp.org/?_gl=1*18z1nc9*_ga*MTY2MzYwNjc2MS4xNzA2Mjg4NTAz*_ga_3W7LPK0WP1*MtcwNzMxODY2Mi4zLjEuMTcwNzMxOTEzOC42MC4wLjA.