

## LITERATURE ANALYSIS ON ECONOMIC AND SOCIAL INEQUALITY: TRENDS, CAUSES, AND SOLUTIONS

**Loso Judijanto**

IPOSS Jakarta, Indonesia

[losojudijantobumn@gmail.com](mailto:losojudijantobumn@gmail.com)

### **Abstract**

Economic and social inequality is an issue that has been increasingly observed in recent decades, with significant impacts on economic growth and social stability. This literature analysis explores global inequality trends, identifies its main causes, and evaluates proposed solutions to address the problem. Factors such as globalisation, technological development, unfair government policies, and discrimination contribute to the widening gap between rich and poor groups. Meanwhile, potential solutions include progressive tax reform, improved access to education and healthcare, decent job creation, and stronger labour protection. By adopting a comprehensive and integrative approach, the right policies can help reduce inequality and promote more equitable welfare in society.

**Keywords:** Inequality, Economic, Social, Trend, Causes, and Solutions

### **Introduction**

Economic and social inequality is a phenomenon that has long been the focus of researchers, governments, and the global community. It encompasses disparities in income, wealth, access to education, healthcare, and economic opportunities across different social and economic groups. Despite relatively stable global economic growth over the past few decades, the unequal distribution of wealth and income remains a serious challenge that hinders sustainable development and social stability (Banks & O'Connor, 2021).

Economic inequality is the difference in the distribution of wealth and income within a society. It can be seen in sharp differences between rich and poor people, as well as gaps in access to economic resources such as employment, education and health. Economic inequality is usually measured using indicators such as the Gini coefficient or income ratios between population groups. The causes of economic inequality can be diverse, including ineffective government policies, globalisation widening the income gap, and inequalities in access to education and training (Durand et al., 2022).

Social inequality, on the other hand, relates to differences in social status, education, and opportunities held by individuals or groups in society. It includes issues such as racial discrimination, gender differences, and gaps in opportunities to participate in political and social life. Social inequality strongly affects social cohesion and security, as marginalised groups often feel they do not have a fair chance to prosper

(Ashford et al., 2020) . Therefore, social inequality not only affects the affected individuals, but also has far-reaching implications for the stability and progress of society as a whole.

In many countries, rising economic inequality is often accompanied by social inequality. Individuals from weak economic backgrounds generally experience difficulties in accessing quality education and healthcare, which in turn limits their potential to improve economic conditions. This not only creates a cycle of poverty that is difficult to break, but also leads to social discontent, political instability, and high crime rates (Sinha et al., 2022) .

Many studies have been conducted to understand the trends, causes, and solutions related to this inequality. This literature review aims to collect and analyse various previous research results to provide a more comprehensive picture of the issue of economic and social inequality (Ned et al., 2020) . The analysis will cover inequality trends in recent decades, the main causal factors that have been identified in various country contexts, and the solutions or policies that have been proposed or implemented to reduce inequality.

## **Research Methods**

The study in this research uses the literature method. The literature research method is an approach used to collect and analyse information contained in various written sources, such as books, journal articles, reports, and other documents, in order to gain an in-depth understanding of a particular topic. The main purpose of this method is to identify and assess existing knowledge, find gaps in the literature, and build a theoretical basis or conceptual framework for future research. This process involves steps such as identifying relevant sources, critically evaluating the content and credibility of sources, and synthesising information to provide a coherent and comprehensive picture of the subject under study (Firman ;, 2018) (Suyitno, 2021) ; (Jelahut ., 2022)

## **Results and Discussion**

### **Trends in Economic and Social Inequality**

Economic and social inequality has become an increasingly prominent global issue in recent decades. Trends in economic inequality show that the gap between the rich and the poor is widening. According to Oxfam's 2020 report, the number of the world's billionaires continues to increase rapidly, while the majority of the population still struggles with poverty. Global economic growth is often unequal, where profits tend to be concentrated in the hands of the few who have access to capital and technology, while many others are left behind (Whitehead & Dahlgren, 2021) . New technologies, while bringing many benefits, also contribute to inequality as not everyone can access or utilise them to improve their lives (Stiglitz, 2020) .

Another significant trend is income inequality within developed and developing countries. In developed countries such as the United States and some European countries, we are witnessing an increasing concentration of wealth among the elite, a result of market mechanisms and less progressive tax policies. On the other hand, developing countries face similar challenges but with additional fundamental problems such as corruption, lack of education, and inadequate infrastructure that exacerbate the inequality. These inequalities are often compounded by segmented labour markets where many workers are trapped in low-wage jobs without opportunities for social mobility (Kniffin et al., 2021).

Social inequality, which often runs parallel to economic inequality, also shows an alarming trend. Discrimination based on gender, race, ethnicity and other social status is still rife in many parts of the world. For example, gender inequality remains a major issue with women often receiving lower wages than men for equal work and having more limited access to positions of power and decision-making. In many societies, ethnic and racial minorities also experience systemic discrimination that prevents them from getting proper education, employment and healthcare (Gutiérrez et al., 2021).

This trend of inequality has become more evident during global crises such as the Covid-19 pandemic. The pandemic showed how vulnerable groups were hit harder economically and socially, with more limited access to healthcare and social security. Meanwhile, many large tech companies and wealthy individuals have seen their wealth increase over the same period. Inequalities in vaccine access also highlight global disparities, with high-income countries acquiring and deploying vaccinations faster than low- and middle-income countries (Shim & Starks, 2021).

Responding to these trends will require coordinated action from various parties, including the government, private sector and civil society. Proactive policies, such as fairer tax reforms, investments in education and training, and social support programmes that cover all groups in society, are needed to reduce these inequalities. In addition, awareness-raising and collective action to fight discrimination and promote social inclusion are crucial. Otherwise, deepening economic and social inequality will continue to threaten social stability and sustainable development in the future (Allan & Briskman, 2020).

In addition to these measures, the role of technology must also be carefully managed. Technology has the potential to reduce inequality through increased access to education and economic opportunities. However, for this to happen, policies that ensure equitable access to technology must be implemented. Governments and industry players must work together to provide equitable digital infrastructure, especially in rural areas and marginalised communities. Inclusive digitalisation initiatives can be a key driver in reducing economic and social disparities (Creutzig et al., 2022).

The success of inequality reduction programmes also requires the active participation of the community. People must be empowered to participate in decision-

making processes that affect their lives. Social movements demanding economic and social justice have shown that significant change can be achieved through public pressure and collective action. For example, the Black Lives Matter movement in the United States has brought global attention to issues of racial injustice and driven changes in policing policies and practices (Zhai et al., 2020) .

Meanwhile, investment in quality education and affordable health is key to breaking the cycle of inequality. Inclusive and quality education can open up more opportunities for the poor to improve their lives. Similarly, equal access to health services can improve people's overall quality of life and productivity. Sustainable development that emphasises social, economic and environmental well-being should be a key goal for all countries (Lin & Neely, 2020) .

In conclusion, trends in economic and social inequality represent a complex and challenging reality that requires a multidimensional and sustained response. Inequality not only affects individual well-being, but also has major implications for social stability and global economic progress. Efforts to reduce inequality must be holistic, encompassing equitable policy measures, community empowerment, inclusive use of technology, and investments in education and health. If the world is to build a more equitable and sustainable future, addressing inequality must be a top priority.

### **Causes of Economic and Social Inequality**

One of the main causes of economic and social inequality is unequal access to education and economic opportunities. In many developing countries, access to quality education is still limited to certain groups of people, especially those who live in urban areas or come from economically well-off families. The lack of adequate education means that these individuals do not have the necessary skills to compete in the labour market, trapping them in low-wage jobs and limited economic mobility opportunities (Alvarado et al., 2021) .

Unequal distribution of wealth is also a significant cause of inequality. When most economic resources, such as land, capital, and technology, are concentrated in a few individuals or groups, the rest of the population will find it difficult to access these resources. This is exacerbated by fiscal policies that do not support wealth redistribution through progressive taxes, the allocation of untargeted subsidies, or corruption that erodes the state budget that should be used for public welfare (Alfani ., 2021)

Discrimination based on race, gender, ethnicity, religion and other social factors also contributes to economic and social inequality. Certain groups are likely to face structural barriers in accessing education, employment and healthcare. Discrimination in the workplace can lead to lower salaries and limited promotional opportunities for minority groups and women. This marginalisation reinforces the cycle of poverty, as

discriminated individuals remain trapped in unfavourable socio-economic situations (SALIM et al., 2020) .

While technology and globalisation have brought many benefits, they have also contributed to rising inequality. Automation and digitalisation have shifted labour demand from unskilled workers to highly skilled workers who can operate new technologies. As a result, low-skilled workers have lost their jobs or been stuck in less favourable jobs. Globalisation has also widened the gap between developed and developing countries, with multinational corporations often exploiting cheap labour in developing countries while enjoying unequally high profits back to workers there (Brand-Correa et al., 2022) .

Economic and social inequalities also have a significant impact on people's health and well-being. Economically disadvantaged individuals or groups tend to have limited access to quality health services. They may not be able to afford medical expenses, health insurance, or even fulfil basic needs such as nutritious food and clean water. As a result, infant and maternal mortality rates, prevalence of infectious diseases, as well as mental health problems are higher among the poor, ultimately worsening quality of life and prolonging the cycle of poverty (Black et al., 2020) .

Extreme inequality can trigger social and political instability. When large segments of the population feel disadvantaged and left behind, they may lose trust in the government and public institutions. This can trigger widespread protests, riots and discontent, which in turn can undermine national stability and hinder further development. Protracted economic and social injustice can also escalate inter-group tensions, creating an environment that is not conducive to peace and collaboration (Yeganeh, 2021) .

As such, economic and social inequality is a complex issue that is influenced by various factors, including access to education, wealth distribution, discrimination, technology and globalisation. The impact of inequality is far-reaching, encompassing public health, well-being, and social and political stability. Addressing inequality requires a holistic approach that involves policy reforms, increased access to education and health services, as well as efforts to reduce discrimination and improve wealth distribution. Only with a strong commitment and concrete steps can society move towards more justice and prosperity for all.

### **Solutions to Address Economic and Social Inequality**

One effective way to reduce economic inequality is through more progressive tax policy reform. By raising taxes on high income and wealth, governments can generate additional revenue that can be used for social programmes. Redistribution of wealth through fair tax systems and transfer programmes, such as social benefits, subsidies and public services, can help support the neediest in society. In addition,

reducing tax loopholes and ensuring effective tax enforcement are critical to the success of this strategy (Lewis et al., 2020).

Education is key to unlocking economic opportunities and reducing inequality. The government should invest more in education, both through improving the quality of public schools and subsidising higher education. Quality education should be accessible to all, regardless of their economic background. In addition, more attention should be paid to education in remote and disadvantaged areas to ensure that every child gets equal opportunities. Scholarship programmes and vocational training can also help improve the skills and competitiveness of the workforce (Menton et al., 2020).

Good health is the foundation for individuals to contribute effectively to society. Therefore, access to affordable and quality health services should be prioritised. An inclusive national health insurance system or health subsidies for the poor can help reduce the burden of health costs. Investments in health infrastructure, including hospitals, clinics, and medical personnel in remote areas, are also critical to improving access and quality of care. Prevention and health education programmes, as well as a focus on controlling infectious and chronic diseases, will help improve overall well-being (Islam et al., 2021).

Stimulating decent job creation and strengthening labour protection are also important steps in reducing economic and social inequality. The government should encourage investment in sectors that can create many job opportunities, such as manufacturing, technology, and service sectors. In addition, it is important to ensure that workers' rights are protected through strong labour laws, including fair minimum wages, safe work protections and social security. Training and skills development should also be intensified to help the workforce adapt to market and technological changes (Marchand et al., 2020).

By implementing these solutions, society is expected to move towards a more equitable and inclusive economy, where every individual has greater opportunities to prosper.

## **Conclusion**

Based on an analysis of the literature on economic and social inequality, it can be concluded that inequality has become a deepening global problem in recent decades. The trend of inequality is evident in the differences in income and wealth between rich and poor groups, as well as unequal access to education, health, and employment opportunities. This inequality not only limits overall economic growth, but also affects the social and political stability of a country.

The causes of this inequality are diverse, including structural and policy factors such as globalisation, technology, unfair government policies and discriminatory practices that worsen opportunities for marginalised groups. Globalisation and technological advances, while opening up growth opportunities, often widen the gap

between high and low income earners. Unequal policies in the distribution of public resources, as well as discrimination based on gender, ethnicity or social status, also exacerbate inequality.

Solutions to address economic and social inequality require a multi-sectoral and comprehensive approach. Progressive tax policy reforms, improved access to quality education and healthcare, decent job creation, and stronger labour protection are important measures identified in the literature. By implementing these solutions effectively and consistently, countries can reduce inequality and ensure that every individual has a fair chance to prosper.

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