



The rise of Income Inequality

ECOSOC



Empowering Future Generations: Cultivating Global
Literacy and Enlightenment



Forum: ECOSOC

Issue: The Rise of Income Inequality

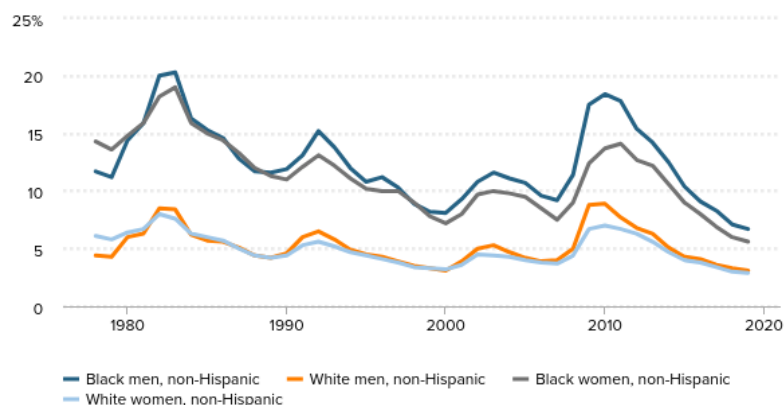
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Introduction

The topic of Income Inequality is a significant and up-to-date topic, as in a few years, all of us will be called to deal with it. In our time, many discriminations are made toward minorities, like racial groups, women, and people with disabilities. Especially in cases where those people cannot defend themselves, it is important that the rest ensure their human rights and dignity. In places where profit seems more important than human dignity, actions should be taken to ensure that human rights are not violated. Income Inequality is not observed only in wages, but in unemployment and opportunities as well. In many western countries, it is can be easier to get a job, depending on your skin colour or ethnicity. It is often also easier to get a promotion and a raise. Apart from racial discrimination, pay gaps are also observed against women, people of a certain age and new mothers, who after maternity leave are often not welcomed back to their previous jobs, without the offering of a similar one, as the legislation states. Such discriminations are illegal not only on a national scale, but worldwide as well, with treaties such as the Equality Act of 2010. You are called to explore the topic of Income Inequality and offer solutions for smaller differences everywhere around the globe.

Unemployment rate by race and gender, 1978–2019



Definition of Key Terms

Income Inequality



Income inequality, in economics, is the significant disparity in the distribution of income between individuals, groups, populations, social classes, or countries.

Compensation

Money that is paid to someone in exchange for something that has been lost or damaged or for some problem. In our topic, it refers to the amount of money given to someone when they are fired from their job. Large gaps have been observed amongst the different working groups.

Direct discrimination

This occurs when treating someone less favourably than another because of a protected characteristic.

Indirect discrimination

Indirect discrimination occurs when a rule, policy or procedure is applied which puts a person with a protected characteristic at a disadvantage when compared with other groups/others not holding that protected characteristic (in legal terms, this is known as disparate or disproportionate impact).

Associative discrimination

Associative discrimination occurs where an individual is discriminated against because they associate with an individual (or group) with a protected characteristic. For example, harassing a person or treating them less favourably because they are friends with an individual who has a protected characteristic.

Gender & sexual orientation discrimination

Sexual orientation discrimination is when you are treated differently because of your sexual orientation. It is illegal according to the Universal Declaration of Human Rights (UDHR).

Race and colour discrimination

Race discrimination is unfair treatment of a job applicant or employee because of their race or because of characteristics linked to their race (e.g. facial features, hair texture). Colour discrimination is unfair treatment due to the colour of the complexion. According to the UN, they are illegal.

Age discrimination

Age discrimination is favouring one applicant over another due to their age for productivity and in extend profit purposes. According to the Age Discrimination in Employment Act it is illegal against people aged forty or older.

Pregnancy discrimination

It is the negative treatment of a job applicant or employee because of pregnancy, childbirth, or a medical condition related to either pregnancy or childbirth. It is illegal according to the Maternity Protection Convention.



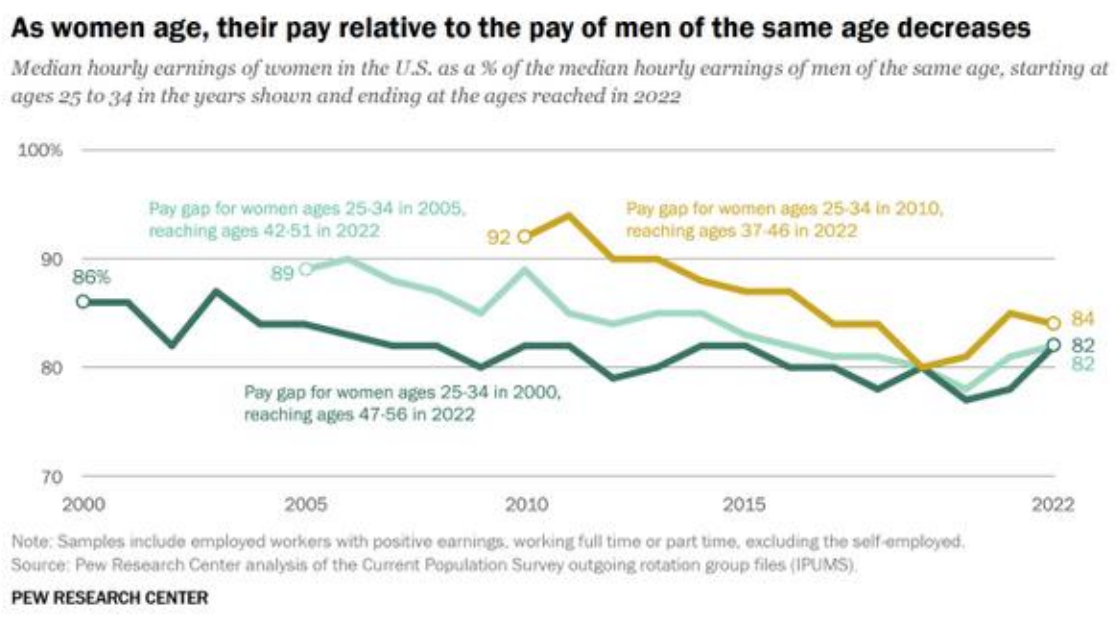
Disability discrimination

Disability discrimination is when someone puts you at a disadvantage because of your condition or impairment. In the workforce, this translates as not hiring someone due to their disability, or even someone that lives with a disabled person. The United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) has declared it illegal.

General Overview

History

Across the history of humankind, prejudice against anything different has existed. That is the main reason for all kinds of discrimination, like racism or sexism. Both of those, along with other equally important inequalities unfortunately still exist in our society. However, many actions have been taken from time to time aiming to eliminate them, which led to their reduction when compared to previous years. In the topic of income inequality, we generally speak of the unfair treatment of employees based on characteristics such as gender, race, ethnicity, age, disability, or other protected attributes. This form of discrimination can manifest in many ways, including differences in salary, bonuses, benefits, compensation, and opportunities for raises and promotions. That is why most high paying positions are mostly occupied by men, and after so many efforts income inequality still exists.

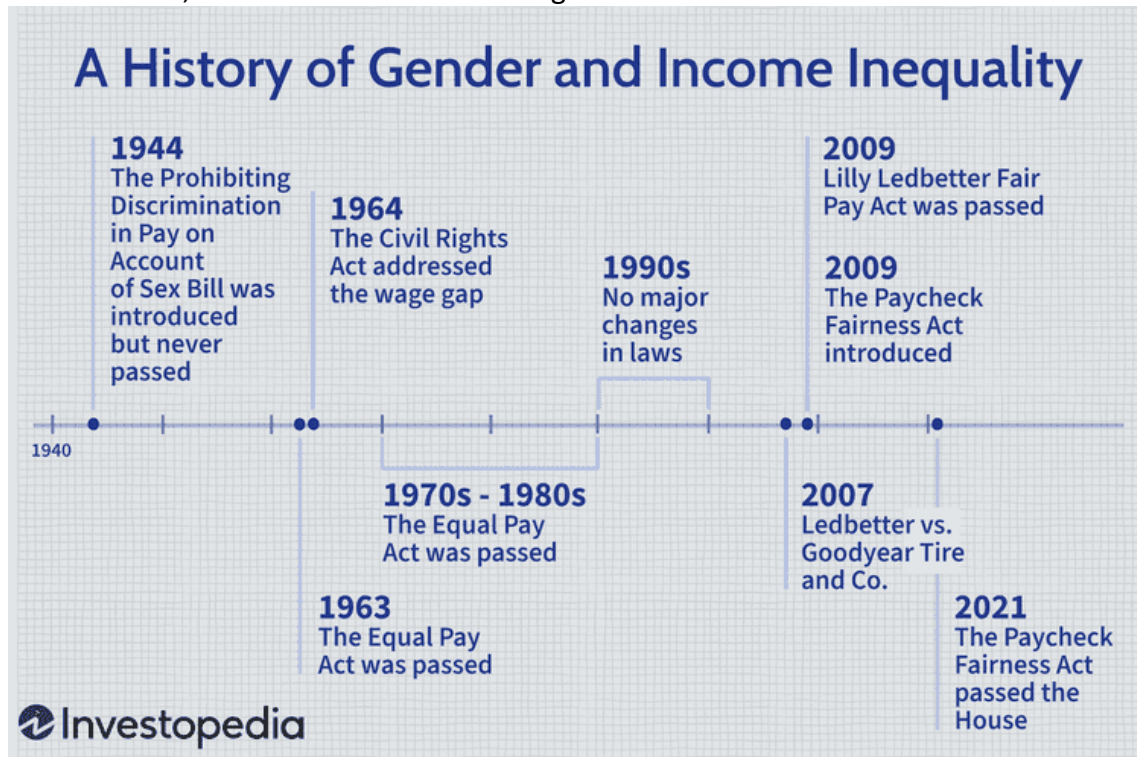


Gender and Sexual orientation

Starting with discrimination against women, or sexism as it is commonly referred to, it has existed since the early entrance of women in the workforce. By 1930, almost 50% of single women were working, while for the married ones the percentage was nearly 12%. For that time, these numbers may seem a great base for improvement, but the fact that most



women lacked significant education must be taken into consideration as well. This means that the professions they could go to were limited to manual labour, such as factory workers, or domestic jobs, like housekeeping. These professions were both dirty and unsafe, diverting women from pursuing them. There was also an almost 2% percent of women that were enrolled in a higher educational institution, but their options were limited as well. Of course, the career of the woman in a family at that time was inferior to that of a man. In the 1940s, women earned about 40-50% less than their average male counterparts (always comparing women and men of the same racial background). In some cases, like Black women compared to white men, the difference was even larger.



Another common form of gender discrimination is because of the natural ability of women to give birth. Many employers see this as a risk and an expense, so they proceed in either firing women that are pregnant or not hiring women at all. This is of course a clear violation of human rights because they are discriminating not only because of a situation (pregnancy) but against a possible situation that has not happened yet. That hugely widens the pay gap between men and women, as it leads to more unemployment for the latter. It is declared illegal by the Equality Act, which also clarifies certain rights a woman that is pregnant or has given birth has.

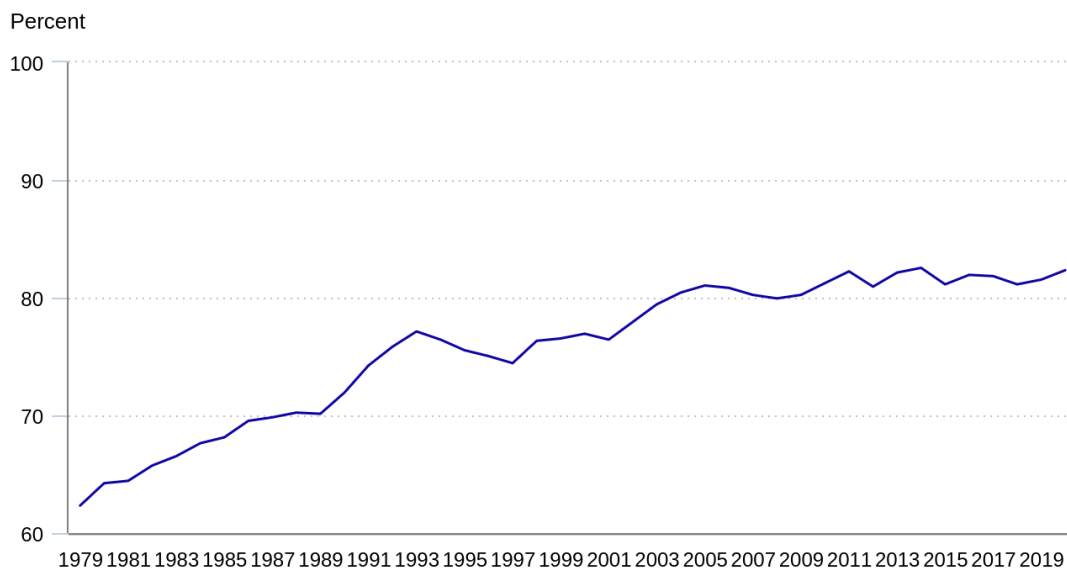
A frequent form of bias, apart from gender-based, in the business world is against people with other sexual orientations than heterosexuality. In 1948 Alfred Kinsey published "Sexual Behaviour in the Human Male", which described same-gender attraction as a form of illness. Two years later, the first sustained national gay rights organization was founded (after the 1924 Society of Human Rights, which was shut down due to political pressure), in an attempt to change the negative public impression of same-gender attraction. Later that year, a Senate report under the name "Employment of Homosexuals and Other Sex Perverts



in Government" stated that same-gender attraction is a security risk, and homosexual people should not be allowed to work for the government. The US government had initiated an investigation to all its employees, and at the time before the report was published, almost 4500 gay men and women were discharged from the military and five hundred were fired from their jobs. Until 1974, no homosexual person was elected to work in public office, with Kathy Kozachenko being the first. Now, LGBTQ+ adults are less likely to have high household incomes, with 22% earning less than 2500\$ annually compared to 14% of heterosexual adults earning the same amount. The pay gaps that exist have pushed toward poverty in same-sex couples affecting particularly women and people of colour¹. Studies have shown that homosexual people as individuals earn less than heterosexual people².

These two subdivisions of discrimination are intertwined, as by eliminating the pay gap between men and women, the pay gap between same-sex and different-sex couples would also be eliminated³.

Chart 1. Women's earnings as a percentage of men's, for full-time wage and salary workers, 1979–2020 annual averages



Hover over chart to view data.
Note: Percentages are calculated from annual averages of median usual weekly earnings for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics.



Race and colour discrimination

As we all know, racism has existed forever. It always found a way to show itself, whether that is a war, slavery, or even everyday abusive comments. Racism is unfortunately often shown in the work market as well, where for many years now the unemployment rate of other ethnicities is higher than that of White people. In 2019, the typical Black worker

¹ This doesn't refer to married same-sex couples, which usually earn more. Unfortunately, the data isn't the same for homosexual and heterosexual couples, so that difference isn't the worldwide standard.

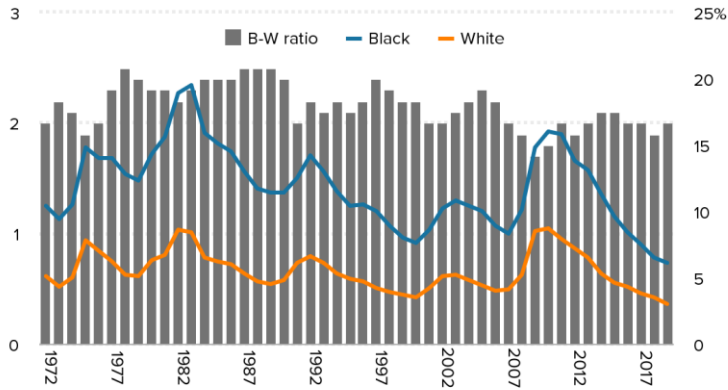
² [HRC | The Wage Gap Among LGBTQ+ Workers in the United States](#)

³ [UCLA - The Impact of Wage Equality on Sexual Orientation Poverty Gaps](#)



earned 24.4% less per hour than the typical White worker. Not only has this gap not decreased, but it has also increased. The similar-situation gap back in 1979 was 16.4%, a full 8% less than the 2019 one. Of course, there are further differences amongst men and women from different racial groups as well. The gap between Black and White women is smaller than the one between the males, however, overall women seem to earn less than both White and Black men.

Unemployment rate by race, 1972–2019

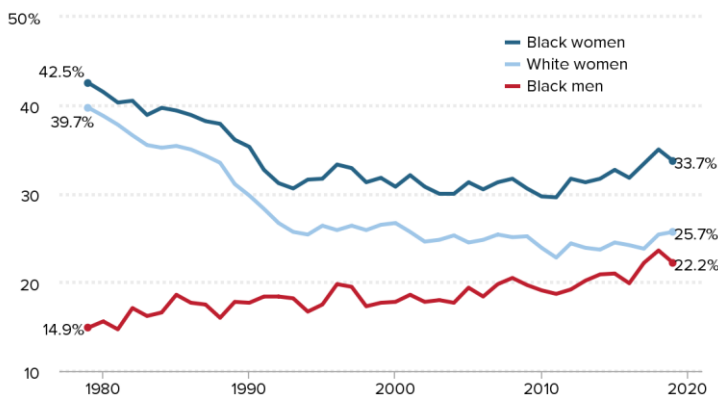


Note: Black and white are both non-Hispanic.

Source: 1972–2019 series by race & ethnicity, EPI analysis of monthly CPS microdata, downloaded from EPI SWA Data Library.

Economic Policy Institute

Hourly wage gaps of black and white women and black men relative to white men (regression-adjusted), 1979–2019



Note: Black and white are both non-hispanic.

Source: Economic Policy Institute (EPI), 2020. Current Population Survey Extracts, Version 1.0.4, <https://microdata.epi.org>.

Economic Policy Institute

Another form of discrimination, indirectly relevant to income inequality, are the opportunities to maintain the job after one is hired. During the pandemic, most businesses, both public and private, switched to online working. While that option of working from



home was offered to about one third of white workers, less than one fifth of the Black workers had that choice. Differences between the private and public sectors are also observed. In the first, the unexplained pay gap reaches 16.9%, while in the second a 6.9%, which is ten percentage points less.

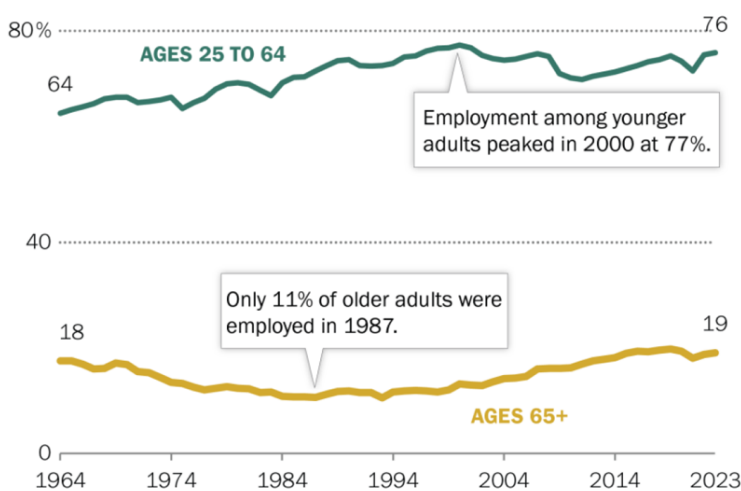
Age discrimination

Although the situation has changed over the past years, age discrimination still exists. In earlier years, because factories and businesses in general needed as many workers as possible, they would hire children and young people for a fraction of what they should have been paid. For example, during the industrial revolution, adult men were paid about ten shillings a week, women five and last came the children with one shilling. Because of the low wages, the working conditions were terrible, with the most jobs being especially dangerous. Nowadays, with the educational system having several years of mandatory school attendance, the rate of children working has dropped drastically. However, many discriminations are made against older workers.

Many employers tend to assume that someone of a more advanced age has more health problems, and that that would cost them money. Age is one of the protected characteristics of the equality Act of 2010, so openly discriminating because of someone's age is illegal. Another common excuse for not hiring older workers is that they are not familiar enough with the modern technologies. Considering, though in some countries, such as the UK, they make up 74% of the working population, it raises the question of whether they should be treated better.

Since the early 1990s, a rising share of older Americans are working

% of population who are employed



Source: Pew Research Center analysis of Current Population Survey Annual Social and Economic Supplement (IPUMS).

"Older Workers Are Growing in Numbers and Earning Higher Wages"

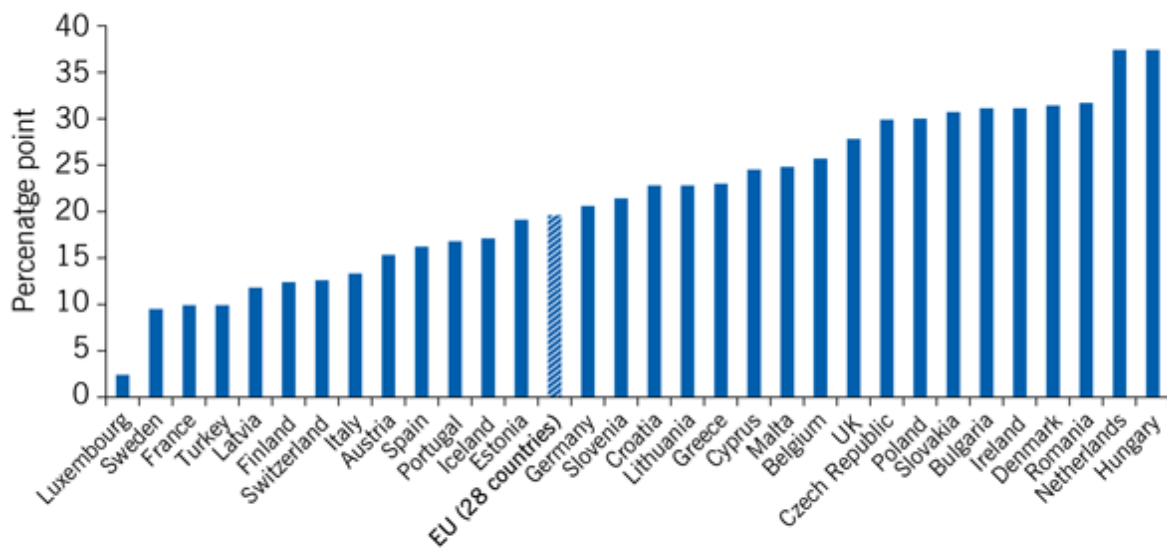
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Disability Discrimination

In our society, disability discrimination is not just about paying a disabled worker less, or not hiring them. There are also many other ways they are treated poorly. For example, after hiring, if an employer refuses to promote a disabled employee is discriminating against him, and thus does not help increase his income. Instead, another non-disabled worker gets that position, increasing the difference between the wages. Also, by not making workplaces wheelchair accessible, it is harder for disabled employees to work, leading to less opportunities to climb the corporate ladder. Studies have shown that for workers aged sixteen or more, disabled people earn 21.4% less than those that are not disabled.

Figure 2. Gap in the employment rate between those who do and do not report disability (aged 15–64)



Note: "Disability" is defined as long-standing difficulties in basic activities.

Source: Author's own compilation based on data from the European Union Labor Force Survey (EU-LFS), 2011.

Online at: <https://ec.europa.eu/eurostat/web/microdata/labour-force-survey>

I Z A
World of Labor

Major Parties Involved

Oxfam International

It works globally to tackle poverty and inequality. They focus on fair wages, progressive taxation, and social protection systems.

The Organization for poverty Alleviation and Development

is an international NGO that actively works on poverty alleviation by promoting human rights, sustainable development, and climate change.

Norway



Norway, being an economically developed country, has had many chances to be one of the most discrimination countries. However, according to the Gini Coefficient they are the world's most equal country in terms of income, scoring a 22.7% of inequality.

The United States of America

While it may not be an example for equality, the US have performed many admirable actions regarding the reinforcement of income equality.

Denmark

It has one of the lowest levels of income inequality in the world. This is largely due to its comprehensive welfare system. These services are provided through the high taxes, leading to a better wealth distribution.

Timeline of Events

1820-1910	Global inequality increased from less than 20% to 40%
1920	The US Women's Bureau was founded, which worked to provide better working conditions for women.
1924	Henry Gerber founds the first gay-rights organization in the US
1918 - 1945	From the start of WW1, to the end of WW2, due to the shortage of male working hands, the percentage of working women increased drastically.
1974	Kathy Kozachenko becomes the first homosexual person to be elected to US office.
1950-1980	Post-World War II economic policies and the rise of welfare states in many countries led to a reduction in within-country inequality, but global inequality remained high.
1990s	With the growth of globalisation, both the economy and income inequality grew
2010s	Many movements like Occupy Wall Street brought income inequality to the public.
2010	The Equality act was signed, preserving several rights against discrimination.
2017	The European Pillar of Social Rights (ESPR) is adopted
2020	COVID-19 affected low income households, exacerbating existing inequalities.



Previous attempts to solve the issue

The Equality act of 2010

The equality act was designed to help reduce the inequalities observed around several differences of humans.

The European Pillar of Social Rights Action Plan

The European Pillar of Social Rights highlights several goals the EU has, in order to make its member states, and any other signatories more equal in terms of working rights.

Possible solutions

Should there be new international legislation further protecting minorities?

Should there be more governmental control over private businesses to ensure that there are no discriminations made?

Are percentages of minority employees a way to reduce pay gaps, or a way to quickly alter the data?

Useful documents

Equality act, 2010

[Equality Act 2010 | EHRC](#)

The European Pillar of Social Rights Action Plan

[What are the 20 principles of the European Pillar of Social Rights? \(easy-to-read version\) - Employment, Social Affairs & Inclusion](#)

Macroeconomics of development

[The Evolution of World Income Inequality: Assessing the Impact of Globalization](#)

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