Economic disparity

Economics

Economic disparity, also known as income inequality, comprises all the inequalities in distribution of assets and income. Some economists affirm that the gap between rich and poor is the result of a well-functioning economy. In addition, studies have considered inequality something necessary and beneficial (Garret). Nevertheless, equalityhas shown to promote consumer spending and prosperity (Inequality: Recent Trends in China). However, governments cannot seem to decide on the morality and utility of this issue.

Economic disparity varies between societies, structures, systems, situations and individual ability (Berg and Story). Recent studies have shown that " the average income of the richest 10% of the population is about nine times that of the poorest 10% across the Organization for Economic Cooperation and Development, up from seven times 25 years ago" (Guardia). This shocking numbers left countries wondering why wealth and income are so unequal. With countries such as Brazil, challenged by this issue, the only alternative is to rely on the support and resources the government can offer.

Measuring Methods Inequality can be calculated with different numerical indices. The Gin-coefficient is the most commonly used method of measuring. As explained by the World Bank, the coefficient varies between O, which reflects complete equality, and 1, which indicates complete inequality. Graphically, the Gin coefficient can be easily represented by the area between the Lorenz curve and the line of equality. Causes for Inequality There are many causes for economic inequality within societies. The factors that affect disparity the most are: market economies, and access toeducation.

Market economies became a major cause of economic inequality, since wages are determined by the market. Even stable markets can lead to high inequality. The economic model of supply and demand for different Jobs plays an important role in this issue. A Job in which there is high supply, meaning that many workers are willing to work large amount of hours, will result in a low wage for that Job. On the other hand, a Job in which there are few willing workers, but a high demand or need for the positions, will result in high wages.

To put in briefly, " competition between workers drives down the wage", while " competition between employers for employees will drive up the wage" (Stilling). Even though this type of capitalist system has worked otter than other approaches, it does contribute to inequality. The most influential factor for the creation of economic disparity is the unequal access to education. There exists an evident gap between educated individuals and those who choose not to pursue any education at all.

In areas where there is high demand for workers, those who count with an educational background receive a higher wage, hence, leaving those who lack education with lower wages. Labor market success is almost directly linked to schooling achievement. An increase disparity in education will cause an increase in income inequality. Economic Disparity: Brazil Brazil, a continent- sized nation in South America, is the perfect example of how inclusion of the poor can contribute to a growing economy. In Brazil, living conditions and incomes vary dramatically in metropolitan centers, urban centers and rural areas.

Frightful conditions in areas such as " slums, cane fields, and mines were emblematic of a deep and apparently ingrained pope a be e Brazier's ambitions to modernity' (Alton). As a matter of fact, Brazil occupies a position of very high inequality in the international community (Assn#o et al.). The country has been marked for decades for its problem with unequal income distribution. During the asses, Brazil was the country with the worst income inequality in the Western Hemisphere. Not to mention, one of the most unequal countries in the world.

Not thatpovertyhas disappeared from the country; in fact, it is still a serious problem. However, for the past decade, Brazil has set the foundation for a new phase of upcoming growth. The trigger for this economic boost was the introduction of sound economic policies by the Brazilian politician, Fernando Henries Carrots. They consisted in a fiscal surplus, tight monetary policies and a floating exchange rate (Alton). When Luis Niacin Lull returned for his second term in office, he committed to continuing these policies.

By the end of his term, spending on education andhealthhad increased. These healthier and better educated individuals were able to earn higher incomes. Attempts by the Lull government, along with Brazier's " rapid arbitration and growth, made a huge dent in inequality' (Alton). Despite high rates of growth, Brazil is still tackling problems of income inequality. As previously dated, education almost always shows a direct connection to income distribution. Inequality of opportunity in Brazil is due to the fact that Brazilian attend fewer years in school than other children.

In addition, many Brazilian do not count with an available viable option for education. As can be seen, education is one of the best answers to Brazier's economic problems. Nevertheless, the government does not have the necessary resources and is not willing to provide better education. Some economists have described this problem as a " catch-22", since the government avoids investment in education because it is risky; then again, better education is the solution for their problems (Keller).

Crime and Health Over the years, researchers have noticed a statistical relationship between crime rates and rising economic inequality. For the most part, countries with high income inequality also have high murder rates. Thisobservationwas reinforced with research from professors Richard Wilkinson and Kate Pickett, who presented the direct correlation between these two issues (Brush). People receiving a lower income are more prone to gang involvement. Organized crime leaders take advantage of this poverty and need to display the advantages of wealth, especially to the young.

Eventually, they are lured in a world of crime andviolence. Along with crime, security is affected in an unequal nation. Individuals with a higher economic status will endangered by the unsafeenvironmentlower classes create. As a consequence they wield their political influence to ensure that they receive preferred security. This leaves lower classes with less police protection, thus creating an even more dangerous atmosphere. Increasing evidence has shown that the level of economic inequality can be linked to overall health outcomes such as life expectancy.

In brief, " greater economic inequality appears to lead to worse health outcomes" (Inequality and Health). This relationship does not entirely depend on poverty, although for most cases they do come hand in hand. Epidemiological researches have shown that inequality " reduces social cohesion", eventually leading tostressand fear. Once again, economists attribute this relationship to education. They argue that educated people have more understanding to Neal TN intimation. In ad from the healthcare system. Edition, they nave access to more benefits