INCOME INEQUALITY AND SOCIAL STABILITY

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Abstract. *This paper looks at how income inequality is related with social stability, and what this relationship mean for economic security of a country. It goes through the main ways how economists are measuring inequality, most important is the Gini coefficient, and also explains what economic security covers as a concept. Based on the works of Kuznets, Stiglitz, and Wilkinson and Pickett, the paper argue that some level of inequality is normal part of market economy, but when it become too high, it starts to erode trust to institutions, raise social tension and put country's economic security under the risk. Real statistics from World Bank and from Uzbekistan's statistics agency are used to check does the theory match with reality. The paper end with few practical suggestion, mainly about taxation, social protection and education, for keeping the inequality in manageable range.*

Key words: *income inequality, social stability, economic security, Gini coefficient, income distribution, social protection, unequal development.*

INTRODUCTION

Why this topic is important. Income inequality is one of the problem that keep coming up in economic discussions nowadays. In market economy it is normal that some people earn more than others, but what is happening in many countries right now go beyond this — the gap between top and bottom keeps widening, and it is not just about fairness anymore. It start affecting how stable the economy of a country actually is. When people feel like the system is not working for them, the trust to institutions drops, and this has effect for everything from tax collection to investment.

What this work is trying to do is to examine how income inequality and social stability are connected, and then to understand what this connection mean for economic security specifically. To reach this, it was needed: to clarify what inequality and economic security actually means as concepts; to go through how inequality is being measured; to look what effects inequality tends to produce in society; and to think what can be realistically done about it.

The object of this research is the situation of income distribution and social stability in different countries; the subject is socio-economic relationships that are formed under the condition of unequal income. For the methods, statistical and comparative analysis was used, together with a systematic approach for connecting the theory back with real data.

MAIN PART

Income inequality, in simple words, is just uneven spread of income across the population. The tool which economists use most often to measure it is Gini coefficient, it runs from 0 to 1 — 0 means everyone earn exactly same, 1 means one person have all the income and everybody else have nothing. In practice, most of the countries falls somewhere between 0.3 and 0.5. There is other measures too, like decile ratio, which is comparison of how much the richest and poorest tenth of population earns, but Gini coefficient still remain the most standard one.

Economic security is little bit harder to define. Broadly, it refer to a state where economy of a country is protected from internal and external threats, and can continue developing in stable way. It is usually divided into few parts — financial stability, production capacity, and social security being main ones. The social security part is the one which connects most directly with inequality: it is about people's standard of living, employment, and how much protected they are feeling. The more unequal things become, the weaker this feeling of protection gets, and it affects back on the whole economy.

Not every economist agree how dangerous inequality really is. Simon Kuznets argued that inequality naturally rise in early stage of a country's development and then fall again once economy becomes more mature — known as Kuznets curve. Joseph Stiglitz takes almost opposite position: he claims too much inequality actually slows the growth down, because it suppress the demand and block poorer children from getting good education. Richard Wilkinson and Kate Pickett looked on this problem from different angle — their research found that more unequal societies tend to have higher crime rate and worse social indicators in general. Taking all this together, it seems that inequality by itself is not necessarily a problem, but there is a point after which it becomes one.

Looking on actual countries makes this easier to understand. Sweden and Denmark taxes their citizens quite heavily, but big part of this money comes back in form of free education, healthcare and social support, and this is what keeps their inequality levels comparably low. Several countries in Latin America and some parts of Africa are on opposite side, with much higher Gini numbers, and they also tend to experience more social unrest. This depends, in large part, on how much a government is willing to redistribute the income.

As for how inequality affect the stability, there is few mechanisms worth to mention. People compares their situation with others, and when this comparison feels unfair, resentment is building up. Children from poorer families also tends to have less access to good schools and healthcare, and this locks the disadvantage across generations instead of letting it disappear. When inequality is visible and stays for long time, trust to government usually suffers, which makes tax collection harder and public administration less effective. Put all this together, we gets slower growth, more careful investors, and a country which is less economically secure.

What seems to be working, based on how other countries dealt with this problem, comes down to few policies that overlaps each other. A tax system where people who earns more actually pays higher share is helping. So does social assistance that is targeted specifically on low-income households. Education also matters — it is the main channel through which people can improve their situation over the time. And it help to direct investment toward less developed parts of the country, instead of letting all the growth concentrate only in capital or few big cities.

INDEPENDENT ANALYSIS (based on statistical data)

To check does any of this holds true, real numbers were taken mainly from World Bank and from Uzbekistan's State Statistics Committee (stat.uz).

Country	Gini coefficient	Survey year
Slovakia	23.8	2023
Sweden	29.3	2023
Uzbekistan	27.9	2025
Kazakhstan	29.2	2021
Brazil	50.3	2024
South Africa	54.1	2022

Table 1. Latest available World Bank data for each country (as of 2025)

Uzbekistan's number (27.9) is sitting in almost same range like Sweden (29.3) and Kazakhstan (29.2), which can be connected with the social support programs that government has been running since many years. Brazil and South Africa is coming almost double that level, and both of this countries are places where social unrest and crime rates is also noticeably higher — which match with what Wilkinson and Pickett was arguing in their book. So at least in this small sample, the pattern from literature seems to be holding true.

Year	2010	2015	2018	2020	2022	2025
Gini	0.295	0.274	0.262	0.276	0.283	0.279

Table 2. Gini coefficient dynamics in Uzbekistan, 2010–2025 (source: stat.uz)

From 2010 until 2018 the coefficient is dropping quite steady, from 0.295 down to 0.262, which mean inequality was actually shrinking during this period. But after 2018, when reforms was started picking up pace, it begin climbing again, reaching to 0.283 by 2022. This can be connected with a World Bank report finding: between 2022 and 2023, income for poorest 10% of Uzbekistan's population grew only about 6%, while richest 10% was seeing growth of more than 30%. So growth is happening, but it is not landing even — which is more or less same pattern that Kuznets was describe in its early stage. During roughly same window, poverty dropped from 36% in 2015 to 17% in 2022, so peoples are better off in absolute terms even if the gap between them widened a little. This suggest that growth alone will not fix the inequality, and that is argument for having a deliberate social policy alongside of it.

CONCLUSION

Income inequality is not inherently a bad thing, and trying to eliminate it completely is not realistic for a market economy. But the evidence here — both from literature and from the statistics — suggest that there is a threshold after which it stop being a neutral feature of economy and start actively undermining the stability. Trust declines, social tension is rising, and country's economic security ends up more weaker because of it. Uzbekistan's own recent trend is a good example for this: inequality moved slightly upward after 2018 even while poverty was falling, which shows this two things does not automatically move together. Based on everything that was covered above, three areas deserves most attention for the future: making the tax system genuinely progressive, strengthening social protection in a way which is actually targeted to the people who needs it, and continuing to widen the access for education, since this is the mechanism through which people can escape from the lower end of income distribution.

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