Income Inequality and Economic Policy

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Abstract. Income inequality remains a persistent challenge for economies worldwide, impacting social cohesion, economic stability, and growth potential. This article investigates the causes and consequences of income inequality, exploring policy measures aimed at reducing disparities. It examines the effectiveness of taxation, social welfare programs, and labor market interventions in addressing inequality. By analyzing data from various countries, the study provides insights into the complex relationship between economic policy and income distribution, offering recommendations for policymakers seeking to promote equity and economic resilience.

Keywords: Income Inequality, Economic Policy, Taxation, Social Welfare, Equity

Introduction

The issue of income inequality presents a significant challenge for policymakers and societies globally, as disparities in income distribution can undermine social cohesion, economic stability, and overall growth potential. This paper explores the multifaceted causes and consequences of income inequality, focusing on the role of economic policies in addressing these disparities. Key areas of examination include the effectiveness of taxation and social welfare systems, as well as labor market interventions designed to promote equity. By analyzing empirical data from various countries, the study sheds light on the complex interplay between economic policy and income distribution. It also offers policy recommendations aimed at reducing inequality and enhancing economic resilience. Through a comprehensive analysis, this research seeks to inform policymakers and stakeholders on effective strategies for promoting a more equitable and sustainable economic future.

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