



Illinois Wesleyan University
Digital Commons @ IWU

John Wesley Powell Student Research
Conference

2003, 14th Annual JWP Conference

Apr 12th, 1:15 PM - 2:15 PM

The Truth about Income Inequality

Juliana Giraldo
Illinois Wesleyan University

Ilaria Ossella-Durbal, Faculty Advisor
Illinois Wesleyan University

Follow this and additional works at: <https://digitalcommons.iwu.edu/jwprc>

Giraldo, Juliana and Ossella-Durbal, Faculty Advisor, Ilaria, "The Truth about Income Inequality" (2003). *John Wesley Powell Student Research Conference*. 17.
<https://digitalcommons.iwu.edu/jwprc/2003/posters2/17>

This Event is protected by copyright and/or related rights. It has been brought to you by Digital Commons @ IWU with permission from the rights-holder(s). You are free to use this material in any way that is permitted by the copyright and related rights legislation that applies to your use. For other uses you need to obtain permission from the rights-holder(s) directly, unless additional rights are indicated by a Creative Commons license in the record and/ or on the work itself. This material has been accepted for inclusion by faculty at Illinois Wesleyan University. For more information, please contact digitalcommons@iwu.edu.

©Copyright is owned by the author of this document.

Poster Presentation P16

THE TRUTH ABOUT INCOME INEQUALITY

Juliana Giraldo and Ilaria Ossella-Durbal*
Department of Economics, Illinois Wesleyan University

Until recently, sustaining high economic growth was thought to be the ultimate goal of development. Unfortunately, economic growth does not necessarily imply an improvement in the standards of living of all of the country's citizens due to the unequal distribution of income. Income inequality is a problem for both developing and developed nations across the globe, but it is most evident in the great metropolis of the developing world. Since economists have failed to come to an agreement as to what is the true relationship between growth and income inequality, researchers have shifted their emphasis to try to ascertain exactly what social and economic determinants affect the level income inequality in a country. Besides the level of income, this paper focuses on determining the effects that structure of output, structure of employment, population growth and the level of human capital have on the unequal distribution of income. Based on Kuznets' U-hypothesis and the two sector labor surplus model, this study uses two different simple regression models in order to establish the relationship between income inequality and each of these determinants. The results for this research show some evidence on the existence on the U-hypothesis as well as determine that the most important factors affecting income inequality are the level of human capital and population growth. Based on the results policy implications are discussed in the last section.