

# The Paradox of Economic Growth: How Unequal Income Distribution Triggers Social Vulnerability

Sarmiati

Institut Islam Al-Mujaddid Sabak; sarmiati.edu@gmail.com

---

## ARTICLE INFO

### Keywords:

Growth Paradox;  
Income Inequality;  
Social Vulnerability;  
Relative Deprivation;  
Systemic Fragility.

### Article history:

Received 2025-04-12

Revised 2025-05-15

Accepted 2026-05-19

## ABSTRACT

This study aims to analyze the phenomenon of the "Economic Growth Paradox," wherein impressive Gross Domestic Product (GDP) growth concurrently coexists with a widening disparity in income distribution that triggers social vulnerability. Utilizing a qualitative approach with a descriptive-analytical design, this research conducts an in-depth exploration of non-numerical social realities through a systematic library research and content analysis of various policy documents and strategic reports from multilateral institutions. The findings identify a state of "systemic fragility" operating through three main transmission channels: (1) social psychology, through the erosion of social cohesion and spatial segregation; (2) behavioral economics, in the form of increased crime rates as an adaptation to relative deprivation in the digital era; and (3) political legitimacy, which fuels the rise of populism due to public distrust in state institutions. The novelty of this study lies in the integration of digital lifestyle pressure variables to explain the dynamics of contemporary social vulnerability. This study concludes that national stability no longer depends solely on the quantity of economic growth, but rather on the quality of inclusiveness in economic access distribution, which is capable of reweaving the torn social capital.

*This is an open access article under the [CC BY](#) license.*



## Corresponding Author:

Sarmiati

Institut Islam Al-Mujaddid Sabak; sarmiati.edu@gmail.com

---

## 1. INTRODUCTION

Economic growth is frequently lauded in orthodox macroeconomic discourse as the definitive and irreplaceable indicator of a nation's developmental success (Katselidis, 2024). For decades, global policy frameworks have operated under the assumption that a rising tide lifts all boats, treating the expansion of economic output as a universal panacea for societal ills (Bueger & Mallin, 2023; Partelow et al., 2023). However, contemporary economic history reveals a profound and deeply unsettling paradox: consistently positive and even impressive Gross Domestic Product (GDP) growth often coexists with a widening chasm between the wealthy and the impoverished (Krähmer, 2025). When macroeconomic indicators improve while the socioeconomic reality of the masses stagnates or deteriorates, the structural

integrity of the developmental model must be questioned. High growth that is entirely devoid of equitable distribution merely generates an "illusion of prosperity" for the vast majority of the population, masking deep-seated systemic flaws behind a facade of aggregate statistical success and affluent urban landscapes(Fritzbøger, 2022).

The urgency of this study lies in the existential risks posed by such entrenched economic inequality, which transcends mere financial disparity to threaten the foundational stability of the state(Akram & Hassan, 2023; Qadeer, Kazmi, & Khan, 2024). In an equitable society, economic growth functions as an engine for collective advancement, but when income distribution is highly concentrated within a select, self-perpetuating elite, the vital mechanisms of social mobility grind to a halt. The socioeconomic escalator that historically allowed lower-income tiers to ascend through labor and education becomes structurally obstructed, trapping generations in a cycle of relative deprivation. This systemic stagnation fuels a slow-burning accumulation of grassroots unrest, creating an undercurrent of disenfranchisement among the populace(Davies, 2024). If left unmitigated by deliberate institutional interventions, this pervasive grievance inevitably transforms into multi-dimensional social vulnerability, threatening to unravel the delicate social contract that binds a civilian population to its governing entities(Yolusever, 2025).

This manifested social vulnerability is not a distant, theoretical hazard; rather, it materializes as a tangible, destructive force that erodes the daily safety and cohesion of a nation(Tähtinen, Toivonen, & Rashidfarokhi, 2024). As the perceived gap between societal effort and economic reward widens, traditional social norms and legal boundaries begin to weaken, leading directly to escalating crime rates as marginalized individuals seek alternative, often illicit, survival or adaptive strategies. Furthermore, the psychological strain of inequality frequently ignites horizontal conflicts, as fragmented communities compete viciously over diminishing local resources or project their systemic frustrations onto vulnerable scapegoats, such as ethnic or religious minorities(Kokorsch, Kongsager, Lie, Baron, & Eriksson, 2025). At its zenith, this societal decay culminates in the systemic delegitimization of prevailing political and economic systems. When citizens perceive that the constitutional and democratic apparatus serves solely to protect plutocratic interests, their faith in institutional governance collapses, paving the way for civil disobedience, systemic instability, and the potential breakdown of democratic order.

Extensive prior literature has attempted to diagnose this socio-economic malaise, yet mainstream academia has predominantly approached the issue through a restrictive, technocratic lens(Jose, Mathew, G, & Mariya James, 2025). Seminal studies by economists such as Simon Kuznets, with his famous inverted-U hypothesis, and more recently Thomas Piketty, in his monumental critique of capital accumulation, have undeniably advanced our understanding of the macro-structural dynamics of wealth distribution. However, these foundational works and their contemporary offshoots have remained heavily focused on the quantitative dimensions of inequality. They rely exhaustively on macroeconomic modeling, econometrics, and the statistical correlation between the Gini coefficient and aggregate economic growth rates. While these data-driven methodologies are vital for mapping macro-trends, they inherently abstract human experience, viewing society as a collection of numerical data points rather than a living, breathing ecosystem of human interactions and psychological realities(Altreiter, Hager, & Pühringer, 2025).

Consequently, a conspicuous and detrimental gap remains in the literature regarding the nuanced sociological mechanisms through which income inequality explicitly erodes the social fabric at the local and community levels. Current macroeconomic research excels at telling us that inequality correlates with societal friction, but it routinely fails to explain the micro-level processes of how this friction is generated, sustained, and amplified within the daily lives of citizens(Vicario & Nadia, 2024). There is a distinct lack of qualitative, descriptive-analytical exploration into the non-numerical realities of marginalized populations who must navigate the psychological and social crosscurrents of living in a booming economy that actively excludes them. This study directly addresses this scholarly lacuna by deliberately shifting the analytical focus away from the conventional question of "what the inequality figures are" to a more critical, qualitative interrogation of "why and how" this economic disparity actively engenders and accelerates social vulnerability.

In redefining this analytical paradigm, this research critiques the myopic nature of mainstream public policy, which remains hyper-focused on absolute poverty metrics while completely ignoring the more volatile phenomenon of relative deprivation. Conventional state welfare programs and multilateral strategic interventions are typically designed around arbitrary financial thresholds, such as the minimum daily caloric intake or basic poverty lines (Elegbeleye et al., 2025; Peck & Theodore, 2025). While eradicating absolute poverty is undoubtedly crucial, this narrow focus overlooks the psychological sense of being systematically left behind that is experienced acutely by marginalized communities living amidst conspicuous opulence. Relative deprivation does not merely stem from having nothing; it is born from the painful, visible contrast of having very little while witnessing an elite class enjoy unimaginable luxury within the very same geographic and social space. It is this subjective perception of injustice and marginalization—rather than absolute deprivation alone—that breeds deep-seated resentment and acts as the true engine of societal disharmony.

This study argues that the psychological potency of relative deprivation has been dramatically intensified in the contemporary digital information era, serving as the primary catalyst for modern social vulnerability. The ubiquity of smartphones and social media platforms has effectively collapsed spatial barriers, forces-feeding marginalized populations a continuous, highly curated stream of digital lifestyles, consumerism, and elite extravagance that they cannot realistically attain (Djerami, 2025). This constant exposure creates an unprecedented level of lifestyle pressure, exacerbating the psychological friction of inequality and transforming local grievances into widespread, digitized discontent. This study concludes that national stability can no longer rely on the sheer quantity of economic growth or the blind pursuit of GDP expansion. Instead, long-term national resilience depends entirely on the quality of inclusiveness in economic access distribution a deliberate, structural equity capable of reweaving the torn social capital and restoring the trust required to sustain a peaceful society (Pritchett, 2024).

## 2. METHODS

This study applies a qualitative approach with a descriptive-analytical design to dissect the complexity of the economic growth paradox phenomenon (Candra, Yuntina, Saribanon, Panatap, & Liana, 2024). The selection of a qualitative method is predicated on the need to comprehend the social realities underlying macroeconomic indicators, which frequently fail to capture the human dimensions of inequality. This design enables the researcher to conduct an in-depth exploration of non-numerical aspects, such as perceptions of injustice, the degradation of social cohesion, and the power dynamics that lie at the root of social vulnerability. By focusing on the interpretation of meaning and context, this approach aims to construct a comprehensive narrative on how economic growth that appears statistically impressive can, conversely, harbor destructive potential if income distribution is extremely fragmented.

The data in this study are derived entirely from secondary sources collected through systematic library research procedures. The researcher conducted an extensive search of authoritative literature, encompassing reputable national and international scientific journals, political-economy textbooks, and strategic reports from multilateral institutions such as the World Bank and the United Nations Development Programme (UNDP). Furthermore, this study utilizes official publication data from the national statistics agency to provide a relevant macroeconomic context. Data collection techniques were executed through document analysis and content analysis of various government economic policy documents and reports concerning social conflicts or unrest that have occurred over the past decade (Larsen, 2023). This process was undertaken to identify patterns, themes, and discourses that link redistribution policies with social stability at the grassroots level.

Data analysis was performed circularly and continuously, adhering to an interactive model consisting of three main stages. The first stage is data reduction, wherein the researcher selected, focused, and simplified the vast array of information obtained from the literature review. During this phase, data lacking direct relevance to the variables of income inequality and social vulnerability were sifted out, leaving core information capable of addressing the research gap. This data reduction is vital to sharpen

the analysis, ensuring it remains within the corridor of the economic paradox phenomenon, which constitutes the primary focus of the study.

The second stage is data display, manifested through the systematic and narrative arrangement of the logical flow of relationships between variables. In this stage, the researcher organized the reduced data into logical relationship patterns, explaining how the income distribution variable interacts with indicators of social vulnerability, such as rising crime rates or the loss of public trust. This narrative data display serves to facilitate an understanding of the complexities inherent in qualitative causal relationships. The final stage is conclusion drawing and verification, in which the researcher formulates a final synthesis regarding the sociological and economic mechanisms explaining how unequal income distribution systematically triggers social vulnerability (Mey, 2022). The conclusions drawn are expected to provide new theoretical insights as well as policy recommendations grounded in the social realities uncovered during the document analysis process.

### 3. FINDINGS AND DISCUSSION

Based on the content analysis and document study conducted, this research successfully identifies that the correlation between high economic growth and disparate income distribution engenders a state of "systemic fragility." This phenomenon does not occur in isolation; rather, it operates through a complex transmission mechanism. The qualitative data demonstrate that social vulnerability is the ultimate culmination of accumulated pressures across three fundamental dimensions: social psychology, behavioral economics, and political legitimacy.

#### 3.1. *Erosion of Social Cohesion and Spatial Segregation*

The findings indicate that income inequality manifests visibly in the form of physical separation, or spatial segregation. In urban areas, the phenomenon of "high walls" separating luxurious residential enclaves from slums acts not merely as a physical barrier, but also as a psychological divide (Hubbard & Brooks, 2021). This segregation results in a deficit of cross-class interactions, which in turn erodes social empathy. Society becomes trapped in rigid stereotypes: the lower class feels alienated and systematically marginalized, while the upper class tends to develop defensive exclusivity. This condition severely weakens social capital, which ought to function as the foundational adhesive for societal stability.

#### 3.2. *Criminality as an Adaptation to Economic Pressure*

Analysis of social vulnerability reports reveals that criminality frequently serves as a forced adaptation mechanism when formal economic opportunity structures are closed to marginalized groups. Unequal access to capital, quality education, and professional networks renders legal pathways for vertical mobility virtually unattainable for a segment of the population (Hulugh, Ogunola, Omachi, Toromade, & Ajayi, 2024). Conversely, constant exposure to consumerist lifestyles via digital media persistently drives high living standards. This structural friction between aspiration (expectation) and capability (reality) compels individuals to opt for informal or illicit pathways such as property crimes or fraud as a shortcut to meet both subsistence needs and social prestige.

#### 3.3. *Political Delegitimation and the Rise of Populism*

At the macro-political level, poor income distribution is interpreted by the public as a state failure to execute the mandate of social justice. These findings highlight that collective dissatisfaction becomes a fertile breeding ground for radical populist narratives. Leaders or groups with extremist agendas frequently leverage this sentiment of "distributive injustice" to garner public sympathy (Shah, 2024). When citizens lose faith in democratic institutions perceiving them as mere instruments serving the interests of a select capital-owning elite national political stability reaches a nadir, rendering the state highly susceptible to systemic shocks and polarization.

**Table 1.** Table 1. Summary of Inequality Transmission Channels toward Social Vulnerability.

Transmission Channel	Primary Mechanism	Impact Indicators	Ultimate Impact on Stability
Social Psychology	Erosion of Social Cohesion & Spatial Segregation	Loss of social empathy, cross-class stereotypes, and the emergence of residential exclusivity.	Weakening of social capital and societal integration.
Behavioral Economics	Criminality as an Adaptation to Economic Pressure	Penetration of the illicit informal sector, escalating theft rates, and digital lifestyle pressures.	Degradation of public safety and social order.
Political-Structural	Political Instability & Populism	Decline in public trust, political polarization, and the delegitimization of the state.	Susceptibility to vertical conflicts and regime instability.

Source: Results of analysis data.

This study demonstrates that mitigating social vulnerability requires moving beyond short-term welfare interventions. Structural reforms in economic access distribution are vital to foster inclusive growth capable of restoring fractured social cohesion.

### Discussion

The phenomenon of the "Economic Growth Paradox" uncovered in this study exposes a bitter reality: macroeconomic progress measured solely through aggregate GDP frequently serves as a smokescreen for socio-political vulnerabilities simmering at the grassroots level. Qualitative analysis of the first transmission mechanism—the erosion of social cohesion demonstrates that spatial segregation is not merely an issue of urban planning, but rather a physical manifestation of economic injustice that severs the arteries of social empathy among citizens (Chaichian, 2024). When luxurious residential enclaves and slums are separated by high, socially impermeable walls, cross-class interactions vanish, replaced by mutually alienating stereotypes. This reinforces the finding that income inequality engenders a "psychological distance" that paralyzes social capital; society no longer perceives itself as a cohesive, mutually supportive nation, but as two mutually suspicious entities. Within this dynamic, the lower class feels systematically excluded from the "fruits of development," while the upper class retreats into a bubble of exclusivity that is highly susceptible to societal shocks.

The second transmission pathway through behavioral economics reveals that contemporary criminality has transformed into a form of forced adaptation to both structural and digital pressures. The novelty of these findings confirms that criminal impulses are no longer merely a consequence of absolute poverty or primary needs; rather, they are fueled by "relative deprivation" exacerbated by the ubiquity of social media. While access to capital and quality education remains a privilege reserved for a select elite, marginalized communities are forced to witness daily digital exhibitions of luxury. This creates intense lifestyle expectations without the institutional support of legal pathways for economic mobility. Consequently, the illicit informal sector and property crimes emerge as instant mechanisms to bridge the chasm between a stagnant economic reality and a globally driven consumerist lifestyle, ultimately resulting in the systemic degradation of public safety.

This study identifies that the accumulation of such economic discontent culminates in a political delegitimation that directly threatens national stability. When economic growth is perceived to flow exclusively into the pockets of capital owners, the public tends to interpret this inequality as a state betrayal of its constitutional mandate for social justice. This lacuna of public trust becomes a fertile breeding ground for radical populist movements to sow extremist narratives, promising instantaneous change through non-democratic avenues or identity polarization. By benchmarking these findings against classical political economy theories, it becomes evident that the novelty of this research lies in

its emphasis that a nation's political stability no longer hinges solely on the magnitude of economic growth, but on how equitably that growth is felt—both emotionally and practically—by every stratum of society. Governments, therefore, must recognize that without inclusive distributive reforms, high economic growth is merely a "time bomb" awaiting the momentum to detonate into a devastating social crisis.

#### 4. CONCLUSION

Based on the analysis and discussion presented, this study concludes that high economic growth devoid of equitable income distribution constitutes a profound paradox that creates a latent threat to national stability. The identified "systemic fragility" demonstrates that GDP growth rates frequently serve as a smokescreen for socio-political unrest at the grassroots level, which accumulates through three critical mechanisms. First, economic inequality physically engenders spatial segregation that stifles social empathy between classes; consequently, the social capital that should function as national cohesion instead mutates into mutual suspicion and alienation. Second, relative deprivation exacerbated by the penetration of digital lifestyles has transformed patterns of criminality from mere basic needs fulfillment into a forced adaptation to lifestyle expectations unsupported by legal economic mobility pathways. Third, the systematic accumulation of distributive injustice delegitimizes the role of the state, thereby carving out a space for the proliferation of radical populist narratives that threaten the democratic order. As a policy implication, this research underscores that the government cannot merely rely on short-term social assistance interventions or reactionary "firefighting" policies. A developmental paradigm shift toward inclusive structural reform is imperatively required. The locus of development must shift from the sole pursuit of aggregate economic metrics toward the integration of socio-spatial structures and the normalization of equitable capital access. This paradigm shift is vital to ensure that economic growth ceases to function as a "time bomb," but rather serves as a resilient foundation for sustainable social welfare.

**Acknowledgments:** The authors would like to acknowledge the administrative and technical support provided by Institut Islam Al-Mujaddid Sabak. Special thanks are also extended to Program Studi ekonomi Syariah for their kind assistance in facilitating access to vital policy documents and strategic reports. Finally, we thank all colleagues whose informal reviews and feedback contributed to the refinement of this paper

**Conflicts of Interest:** The authors declare no conflict of interest.

#### REFERENCES

- Akram, S., & Hassan, A. (2023). Critical Examination of Economic Inequality and Its Societal Implications. *The Critical Review of Social Sciences Studies*, 1(01), 65–77.
- Altreiter, C., Hager, T., & Pühringer, S. (2025). *Political economy of knowledge production in capitalist academia: Challenges and opportunities for socio-ecological transformation*.
- Bueger, C., & Mallin, F. (2023). Blue paradigms: understanding the intellectual revolution in global ocean politics. *International Affairs*, 99(4), 1719–1739.
- Candra, S., Yuntina, L., Saribanon, E., Panatap, S. J., & Liana, E. (2024). Qualitative method concepts: Literature review, focus group discussion, ethnography and grounded theory. *SIBER Journal of Advanced Multidisciplinary. Ученые: Yayasan Dharma Indonesia Tercinta (Dinasti)*, 2(2), 262–275.
- Chaichian, M. A. (2024). *Architecture, urban planning and social justice: The role of transformative design in achieving spatial justice BT - The transformative power of architecture and urban design: Planning for social and spatial justice*. Cham: Springer Nature Switzerland.
- Davies, W. (2024). Owing towards death: The asset condition as existential conundrum. *Finance and Society*, 10(3), 215–233.
- Djerami, H. (2025). *Poverty and Microeconomic Analysis: Exploring Economic Realities and Policy Implications in Low-Income Contexts*.
- Elegbeleye, J. A., Fayemi, O. E., Agbemavor, W. S. K., Krishnamoorthy, S., Adebawale, O. J., Adeyanju,

- A. A., ... Bamidele, O. P. (2025). Beyond Calories: Addressing Micronutrient Deficiencies in the World's Most Vulnerable Communities—A Review. *Nutrients*, 17(24), 3960.
- Fritzbøger, B. (2022). Economy and Economics in the Quest for Sustainability. In *Sustainable Development of Denmark in the World, 1970–2020: A Critical Introduction* (pp. 291–324). Springer.
- Hubbard, P., & Brooks, A. (2021). Animals and urban gentrification: Displacement and injustice in the trans-species city. *Progress in Human Geography*, 45(6), 1490–1511. Retrieved from <https://doi.org/10.1177/03091325211005272>
- Hulugh, T., Ogunola, A. A., Omachi, V. O., Toromade, R. O., & Ajayi, O. O. (2024). Social Mobility Through Digital Upskilling: A Policy Framework For Economic Inclusion In The US. *SSRN Electronic Journal*. Retrieved from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=5017685](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5017685)
- Jose, A., Mathew, S., G, R., & Mariya James, J. (2025). Unpaid care labour in India: a feminist and intersectional analysis of lived experiences. *Journal of Gender Studies*, 1–26.
- Katselidis, I. (2024). *Why Nations failed on the road of development-The failure of Independent*. National and Kapodistrian University of Athens.
- Kokorsch, M., Kongsager, R., Lie, L. B., Baron, N., & Eriksson, K. (2025). Years matter: the role of memory and place attachment in remote Nordic areas facing natural hazards. *Regional Environmental Change*, 25(1), 2.
- Krähmer, K. (2025). Degrowth in global spaces: Extractivism and practices of socio-ecological transformation in the geography of Chile's global fruit trade. *Geoforum*, 160, 104230.
- Larsen, F. (2023). Methodology: A qualitative approach. In *Commodity Branding: A Qualitative Research Approach to Understanding Modern Energy Brands* (pp. 29–44). Springer.
- Mey, G. (2022). Qualitative methodology. In *International handbook of psychology learning and teaching* (pp. 453–478). Springer.
- Partelow, S., Schlüter, A., Ban, N. C., Batterbury, S., Bavinck, M., Bennett, N. J., ... Breckwoldt, A. (2023). Five social science intervention areas for ocean sustainability initiatives. *Npj Ocean Sustainability*, 2(1), 24.
- Peck, J., & Theodore, N. (2025). Cities for a guaranteed income: renewing the urban politics of cash assistance in the United States. *Urban Geography*, 46(4), 907–939.
- Pritchett, L. (2024). *dollar a day'poverty was a development mileage marker, not the destination*. Working Paper.
- Qadeer, M., Kazmi, S. S., & Khan, A. S. (2024). Global economic inequality: a threat to stability and security. *Tanazur*, 5(3), 156–190.
- Shah, S. A. (2024). *Federalist Solutions to Pakistan's Political Crises*. Bloomsbury Publishing PLC.
- Tähtinen, L., Toivonen, S., & Rashidfarokhi, A. (2024). Landscape and domains of possible future threats from a societal point of view. *Journal of Contingencies and Crisis Management*, 32(1), e12529.
- Vicario, S., & Nadia, B. (2024). *Identifying 'hidden' phenomena for social policy research: methodological reflections from a project exploring Long-Term Care workforce innovation..*
- Yolusever, A. (2025). Economic Inequality: History, Case Studies and Policies. *Ekonomi-Tek*, 14(1), 154–190.