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Reduction of Global Wealth Inequality

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Introduction

Global inequality, the gulf in money, health care, education and opportunity that divides countries and peoples, has been a preoccupation of the United Nations system since its creation in 1945. Seventy-seven years later, enormous progress has been made. Billions of people no longer live in extreme poverty. China alone elevated some 600 million from extreme poverty in the last thirty years, and comparable progress has been made in many other countries as well. More people around the world have access to higher levels of medical services, education and personal opportunities than ever before.
But there is no denying the scale of global want, or the consequences, measured in stunted lives, misery and tragedy, the turn to rebellion, the consequent instability and mass migration. The United Nations deal with all these problems. The root problems of global inequality of wealth remains the most challenging to resolve, and the most essential to challenge.

While the only solutions to issues like terrorism, insurgency, civil war, mass migration and the alleviation of human suffering all require attention to this issue, agreement on progress is difficult. The UN may be the only place where progress can happen. While the General Assembly cannot demand that its sovereign Member States do anything, it can set the normative responses guiding work. The UN is better positioned to ensure coordinated international action than other global institution.

A current intellectual and moral issue the world has to face is the challenge of implementing effective policy to manage the continuous rising gap in incomes between the rich and the poor. This, in shorter terms, is known as the global inequality of wealth which has been defined as: "as signaling the systematic inequalities that exist between countries, allowing for the simultaneous existence of inequalities within countries."[1] This institutional error has been enveloped within society throughout history. However, and unfortunately, this problem has only been highlighted recently in terms of civilization's timeline. In 2000, in correlation with a new millennium, it was time for a new resolution which would define the globe moving forward – this would become known as the Millennium Development Goals (MDGs), which guided global development assistance from 2001-2015.

Global inequality has become a central issue since then and the focus moving forward has been the deconcentrating of resources which has affected the opportunities of the individuals in

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[1] Giddens, Anthony, and Phillip W. Sutton. "Global Inequality." https://www.polity.co.uk/giddens7/lecturerresource/lecturerguides/Lecturer_Guide_14.pdf.

poorer and less powerful countries.[2] In 2014, Credit Suisse published a Global Wealth Report which estimated that 0.7% of the world's population (those with income over $1 million) own 44 per cent of global net worth. This mark is daunting, however, it gives insight as to why economic instability is widespread throughout the globe.

This new observance is becoming more important as social and economic inequalities tear the social fabric, undermine social cohesion, contribute to environmental problems and prevent nations, communities and individuals from flourishing[3] It's imperative this problem be addressed forthrightly, rather than allow people all over the globe to suffer on a daily basis.

Current Situation

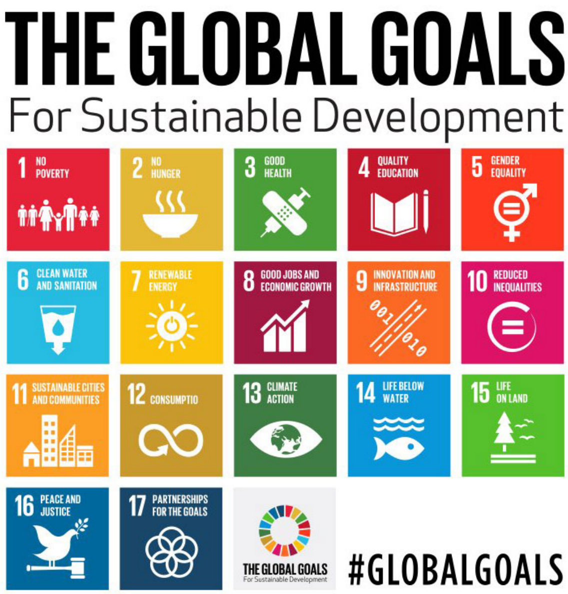
The MDGs reached expired as planned in 2015; this coincided with the creation of the Sustainable Development Goals (SDGs), which will be in effect from 2016, through 2030. In the agenda, there are 17 goals which the United Nations hope to shape the future. With Goal Ten of the SDGs, the Member States of the international community plan to "Reduce inequality within and among countries". The progress of this goal will be reviewed at the high-level political forum in 2019. The specific objectives of Goal Ten include:

- Reduce inequalities in income, age, sex, disability, origin, religion, representation, migration, and development assistance;
- Increase in income towards labor rather than capital;
- Give preferential treatment for developing countries and the least developed countries in trade can help reduce inequalities by creating more export opportunities;
- Increase and sustain growth of income in bottom 40 per cent of the population to a level higher than the national average;
- Eliminate discriminatory laws, policies and practices and promoting appropriate legislation, policies;
- Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations;
- Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions;
- By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent; and
- Encourage official development assistance and financial flows, including foreign direct investment, to States

[2] Little, William. "Global Inequality." In Introduction to Sociology. 1st ed. Rice University.
[3] Pickett, Kate. "5 Reasons Why We Need to Reduce Global Inequality" World Economic Forum. https://www.weforum.org/agenda/2015/09/5-reasons-why-we-need-to-reduce-global-inequality/.

where the need is greatest, in particular least developed countries.[4]

Some of these objectives sound easy to achieve, but all require coordinate and cooperation by most if not all of the 193 UN Member States to succeed. The specific objectives need to be studied carefully to make action happen. Implementation is everything with the SDGs. By inviting donor governments to coordinate their development and humanitarian giving and loaning to advance these objectives, SDG Goal Ten holds the promise of unprecedented progress toward alleviation of global inequality of wealth. But who pays the bills? What are the responsibilities of recipients? Major questions of implementation still have to be revolved if anything is to happen on the ground.



Key Arguments

The reasons the problem needs to be solved are abundant, however, here are four important reasons as to why:

Health is a rising concern when it comes to countries who've fallen victim to inequality. "Life expectancy is shorter and mortality rates are higher in more unequal societies – this applies to both the poor and, perhaps surprisingly, also to the rich in these societies. Rates of infant mortality, mental illness and obesity are also two to four times higher. In more unequal developing and developed countries, HIV infection prevalence rates are higher."[5] The environments which poor people are forced in in unequal societies are often the cause of death. Whether it be unsafe water or disease, they are more susceptible to death. *Crime and behavior* are often another mentioned topic when referring to unequal societies. "Levels of social cohesion, including trust and social capital, are lower in more unequal societies. Indicators of women's status and equality also tend to be worse. More unequal societies have more property crime and violence, especially homicides."[6] Another crime which is often found in unequal societies is corruption; this is also one of the main reasons many countries are stuck in this way of life.

Human development is significantly lower within countries of inequality. "Scores on the UNICEF index of child well-being are significantly worse in unequal countries and decline as inequality rises. Math and literacy scores are also lower and more young people drop out of education, employment and training, and more teenage girls become mothers. Social mobility is restricted by inequality – equality of opportunity is increased by greater equality of outcomes. More equal countries tend to have higher rates of innovation, probably because of greater social mobility."[7]

Economic instability is almost a guarantee where there is inequality in wealth within a region.

[4] "Goal 10. Sustainable Development Knowledge Platform." UN News Center. https://sustainabledevelopment.un.org/sdg10.

[5] Pickett, Kate. "5 Reasons Why We Need to Reduce Global Inequality"

[6] Ibid.

[7] Ibid.

"Poverty reduction is compromised by income inequality. The International Monetary Fund states that reducing inequality and bolstering longer-term economic growth may be "two sides of the same coin". In rich and poor countries, inequality is strongly correlated with shorter spells of economic expansion and less growth over time. Inequality is associated with more frequent and more severe boom-and-bust cycles that make economies more volatile and vulnerable to crisis."[8]

Country and Bloc Positions

Africa: "The number of poor people in Africa – defined as those living on less than $1.25 a day – increased from 411.3 million in 2010 to 415.8 million in 2011, World Bank data shows." However, the number of people within Africa whom have an income over $1M, has increased twofold since 2000; this number is expected to rise 45% by 2024, increasing the inequality within the region.[9] Africa has become a special focus point for the UN, with UNECA and many policies tailored to the region – it's historically been susceptible to various crises, whether it be economic or social. Due to transformations in the region from the MDGs, the SDGs are in sync with how Africa wants to attack their future.

China: China's inequality is among the worst in the world. Their top 1% owns approximately one-third of the economy. However, to help combat this in the future UNDP China has spearheaded a movement to place notice on the newly adopted SDG goals for 2030[10]. China has made a strong commitment to implementing changes in accordance with the SDGs to help reach their targets. China is emerging as a major foreign aid donor, and often is relatively relaxed on local control, permitting recipients greater control over of Chinese development money.

European Union (EU): Inequality within Europe has reached levels never thought imaginable for the region. "Between 2009 and 2013, the number of Europeans living without enough money to heat their homes or cope with unforeseen expenses, known as "severe material deprivation", rose by 7.5 million to 50 million people. These are among the 123 million people - almost a quarter of the EU's population – at risk of living in poverty, while the continent is home to 342 billionaires."[11] Much like China, Europe has made a commitment to raising awareness of the goals and destination for the globe in 2030. The European Union is a leading international donor, especially committed to hugely conceived, but small scale projects designed to that help invidiously around the world.

Latin America: Latin America's inequality within society has the region facing daunting difficulties in the future. While they've made progress, they still remain the worst region in this area. Roughly 71% of the regions wealth is owned by the richest 10%. If this trend continues, the top 1% will own more wealth than the remaining 99% of people in the region.[12]

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[8] Ibid.
[9] Sedghi, Amy, and Mark Anderson. "African Rich Get Richer Even as Poverty Grows and Inequality Deepens" The Guardian. 2015. https://www.theguardian.com/global-development/datablog/2015/jul/31/africa-wealth-report-2015-rich-get-richer-poverty-grows-and-inequality-deepens-new-world-wealth.
[10] "Engaging Citizens to Shape a Better World: UNDP Launches Online Course to Raise Public Awareness of the SDGs in China." UNDP.org. Engaging Citizens to Shape a Better World: UNDP launches online course to raise public awareness of the SDGs in China.
[11] Sullivan, Joanna. "Increasing Inequality Plunging Millions More Europeans into Poverty." Oxfam International. https://www.oxfam.org/en/pressroom/pressreleases/2015-09-09/increasing-inequality-plunging-millions-more-europeans-poverty.
[12] Ibarra, Alicia. "Latin America Is the World's Most Unequal Region. Here's ..." World Economic Forum. https://www.weforum.org/agenda/2016/01/inequality

Due to this, the Economic Commission for Latin America is projecting growth in the region by a very low 0.2%. Few Latin American countries rely on foreign aid, but all depend on foreign trade, and seek measures to insure that their exports can reach foreign markets without overcoming high import taxes.

Non-Aligned Movement: the 120 member states of the NAM, the UN"s largest voting bloc, share great resentment with their history of colonial domination. Now independent, many insist that former colonial powers still exploit their economies and peoples. They seek greater control over trade and development assistance. They usually fight against efforts by donor governments to keep control over the use of development assistance, which NAM recipient governments regard as their unique sovereign decision.

United States: "America now has more wealth and income inequality than any major developed country on earth, and the gap between the very rich and everyone else is wider than at any time since the 1920s."[13] The top 1% own as much wealth as the bottom 90% -- this is a daunting revelation for a country thought to be the land of opportunity. However, the United States is actively involved in the backing of the SDGs for itself and other countries. The United States usually insists on extensive control over its foreign aid, antagonizing recipient governments. It often refuses to work with countries whose leaders or policies it finds objectionable.

Essential Questions

- Can there be new economic infrastructure to help drive growth which is inclusive? Which sectors can be broken up or added to?
- How will ethical behaviors of businesses be changed moving forward? Is there policy which can be made to crackdown on corruption?
- What programs can the UN, Member States, or other NGOs and International Organizations establish to help to reduce global inequality?
- How can the sustainable development goals and targets be reached?
- Is there a problem with the tax system used in any countries mentioned? How can it be changed to help inequality?
- How can trade policies be enhanced to reduce global inequality of wealth?
- How can it be made sure that every country contributes an equal amount of resources to help this cause?
- How can the UN's Sustainable Development Goals help make a globally unified effort to reduce inequality?

Major issues

Above all, the General Assembly still must resolve the tricky issues of implementing progress on SDG Goal Ten., coordinating global development assistance and loaning to accelerate progress to alleviate poverty and reduce inequality. Success means poorer countries become more like richer ones, and poorer people become more like their wealthier cousins. But there still are fundamental issues to be resolved, and major gaps to be crossed. Three issues stand out:

But who pays the bills? The Non-Aligned Movement (NAM) countries expect most development assistance to come from the wealthy donor countries. They also expect assistance to come in the form of grants, without

-is-getting-worse-in-latin-america-here-s-how-to-fix-it.

[13] "On the Issues: Income and Wealth Inequality." Bernie Sanders RSS. https://berniesanders.com/issues/income-and-wealth-inequality/.

extensive reporting or oversight requirements, leaving them free to pursue their own unique national priorities. Donor countries increasingly expect recipient to accept long-term loans, partially subsidized to reduce long-term interest burdens.

Who has oversight authority? Donor governments usually want control over how their money is spent. Afraid of corruption and misuse, many insist on complete spending authority; the recipient country only sees the results, not the actual funding, which stays in the hands of donor government institutions and personnel. Recipient governments find this insulting. They want the assistance, but resent the interference in their domestic political processes, which many equate with colonial rule.

What are the responsibilities of recipients? Should all countries be expected to follow a common path to reduce inequality, or are recipient governments, as sovereign countries, free to create their own paths to development, their own mixture of goals for the national economy versus individual welfare? Are recipients free to invest in ways that favor particular regions, interest groups or ethnic constituencies? Can they focus on core national groups and steer investment away from groups that are not trusted or fully integrated into the country, such as women, gays, or religious minorities? Or must they invest in ways that spread funds everywhere? Does the UN play a role in structuring their responsibilities?