

Video Link: <https://youtu.be/jDmkMeBhUw>



Addressing Global Wealth Inequality

Organization for Economic Cooperation and Development (OECD)

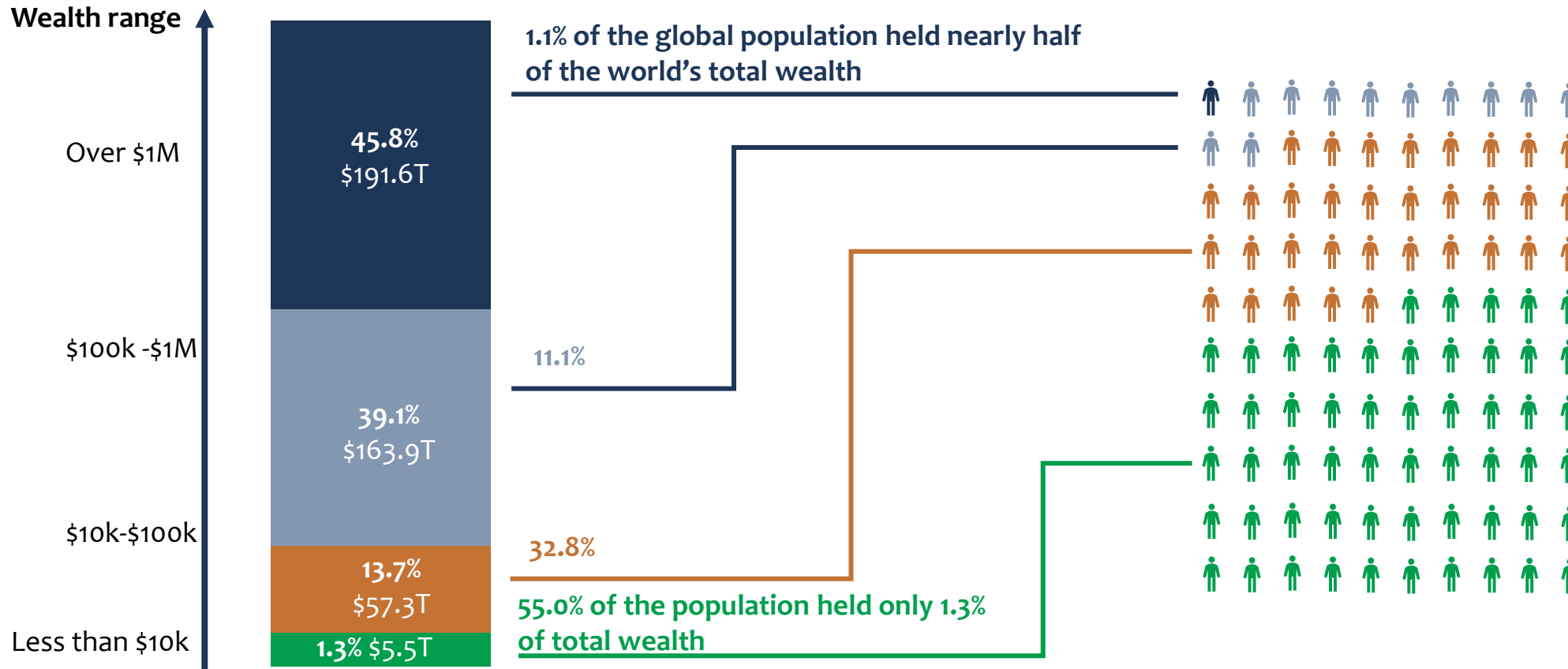
Angus Cheung | Sunny Sun | Eden Sorrell | Raymond Franczuk

What is your view on the fairness and disparity in wealth distribution?

Global scope of the problem



The global wealth inequality



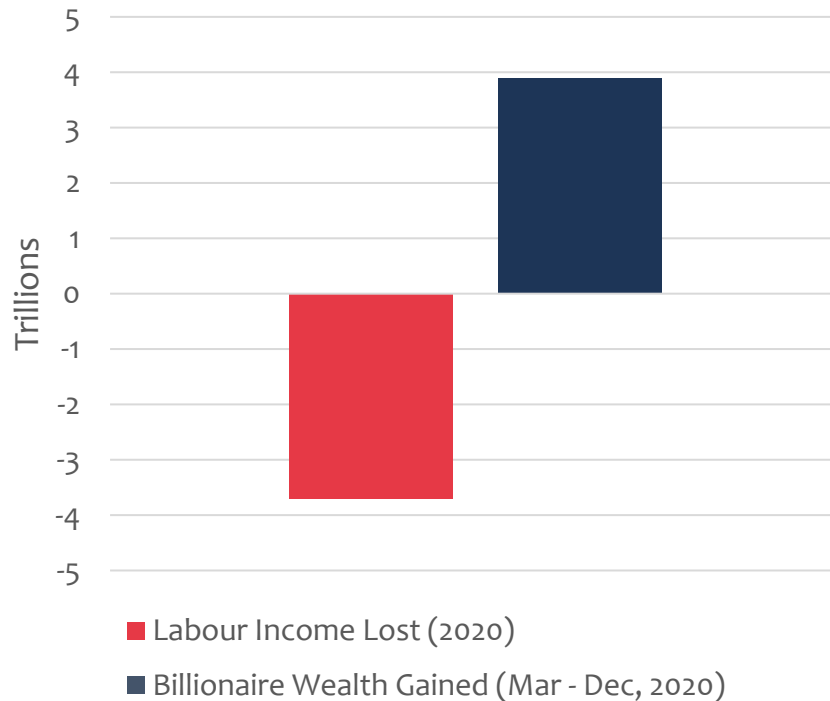
The world must take action to improve the wealth inequality because extreme wealth inequality can be avoided

Ref [1]

COVID-19 has accelerated wealth inequality globally...



'The Inequality Virus'



Global Billionaires make trillions as workers lose trillions

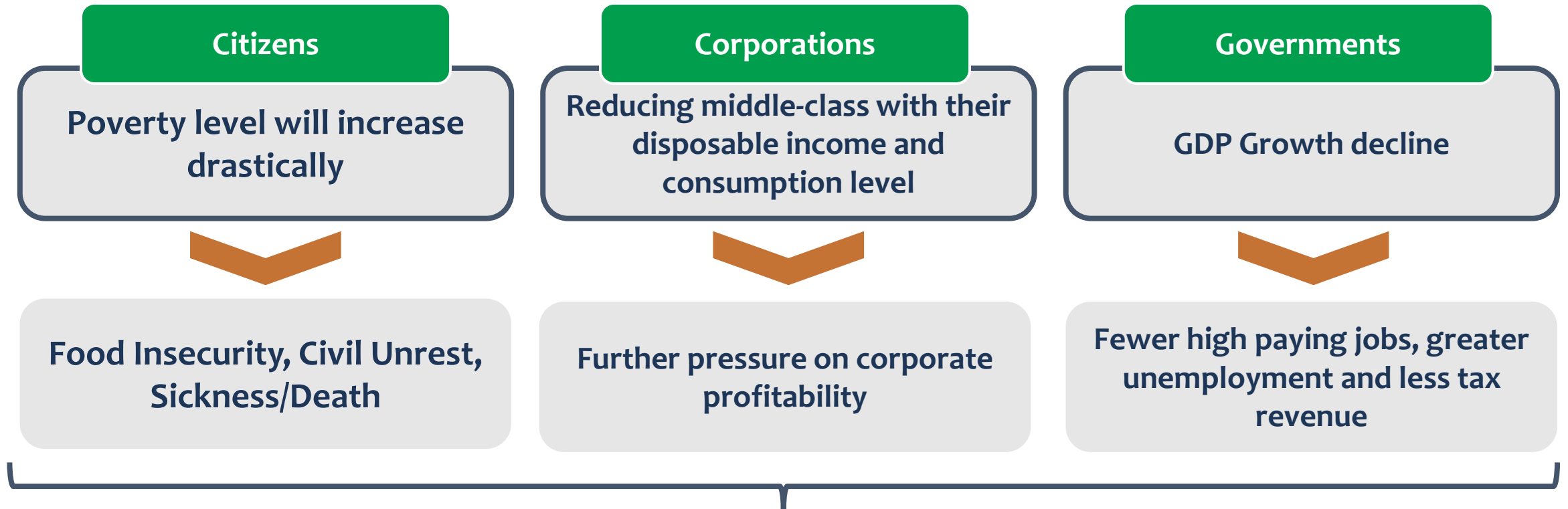
(Change in worldwide worker earnings and billionaire wealth during Covid-19 pandemic)

The burden of the downturn has not fallen equally on all, and inequality gap will be widened without immediate action

Ref [2]

What happens if actions are not taken to improve the current wealth inequality?

By 2030, top 12% will own 92.5% of global wealth



If the world does not act now, global wealth inequality could lead to societal collapse

Current global approaches fall short of expectations



Ref [10]

Current global approaches fall short of expectations



Ref [10]

Who needs to participate in solutions to address this disparity?



Understanding stakeholder motivations and reservations is critical to successful solutions



	Motivations	Reservations
Government	Re-election, citizen welfare, GDP	Capital flight, loss of campaign funding
Upper Class	PR, charity, personal values	Loss of power, greed
Middle Class	Fairness	Erosion of rank in society
Lower Class	Fairness, basic needs, opportunities	Inability to access education
NGOs	Missions, values	Losing funding
SMEs	Level playing field, PR, values	Higher wages/costs, lower profitability
Large Corporations	PR, social pressure, grow labour pool	Profits, shareholder dissatisfaction
Social Activists	Personal values, passion	Controversy, cyberbullying

Understanding stakeholder motivations and reservations is critical to successful solutions



	Motivations	Reservations
Government	Re-election, citizen welfare, GDP	Capital flight, loss of campaign funding
Upper Class	PR, charity, personal values	Loss of power, greed
Middle Class	Fairness	Erosion of rank in society
Lower Class	Fairness, basic needs, opportunities	Inability to access education
NGOs	Missions, values	Losing funding
SMEs	Level playing field, PR, values	Higher wages/costs, lower profitability
Large Corporations	PR, social pressure, grow labour pool	Profits, shareholder dissatisfaction
Social Activists	Personal values, passion	Controversy, cyberbullying

Global solution needs to start at national-level



Coordination challenges

Global funding challenges

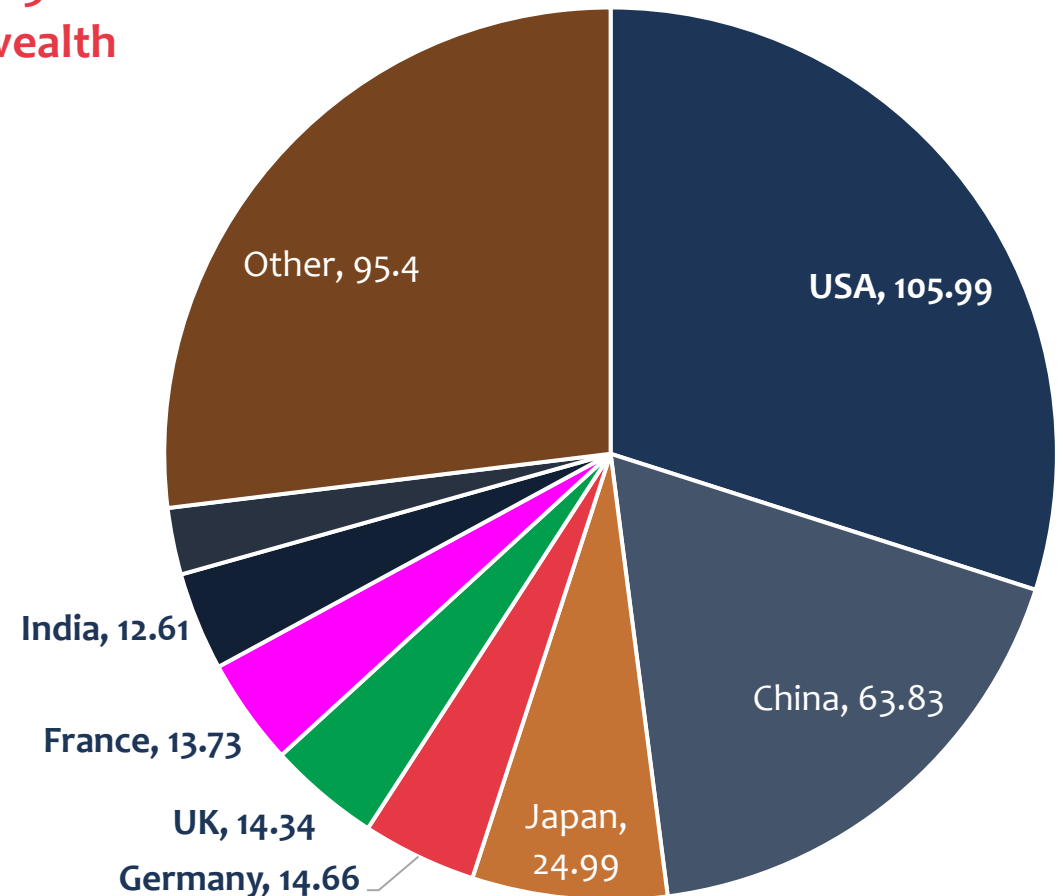
Political & social stability



The UN must focus in one area initially and scale globally thereafter.

Top 4 countries make up 58% of global wealth

Total Wealth by Country, 2021
(in trillions of dollars)

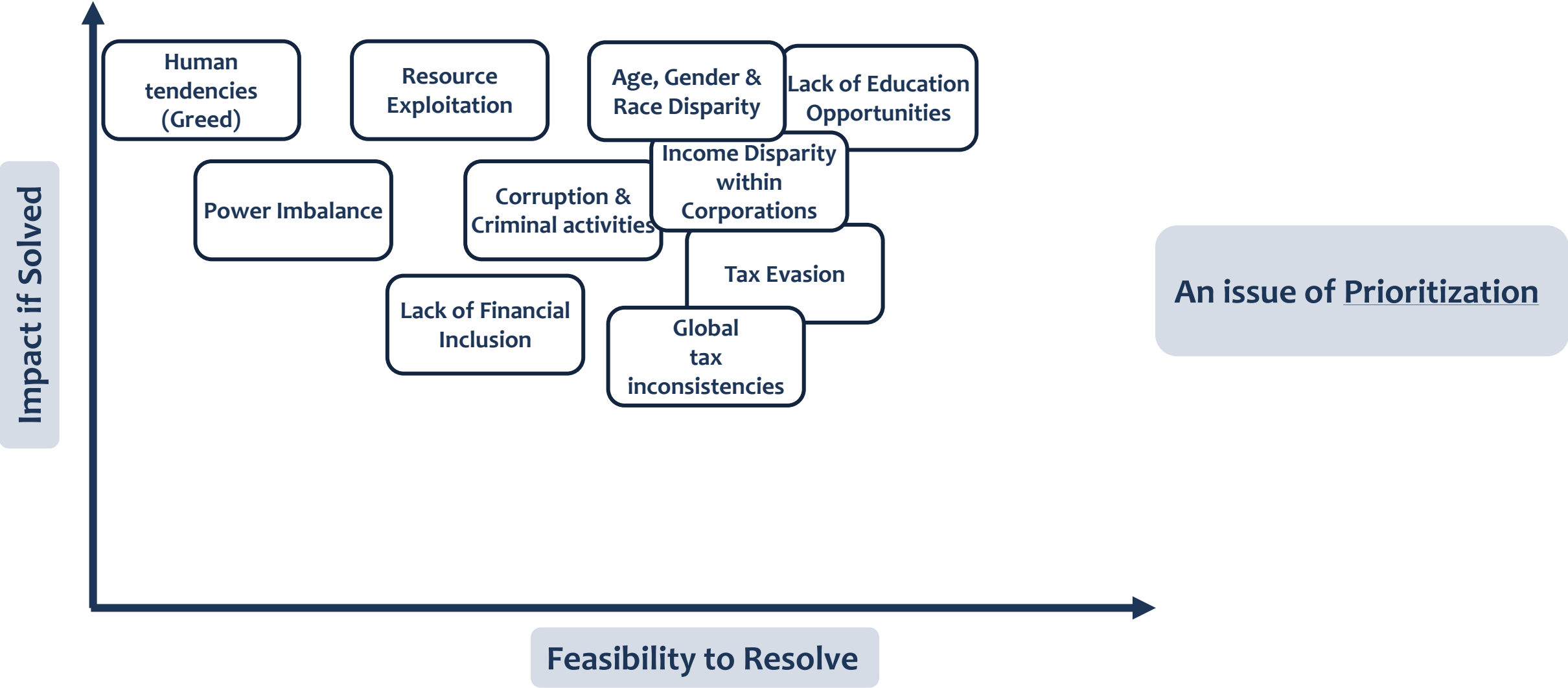


Selection of focus country for UN to work with...

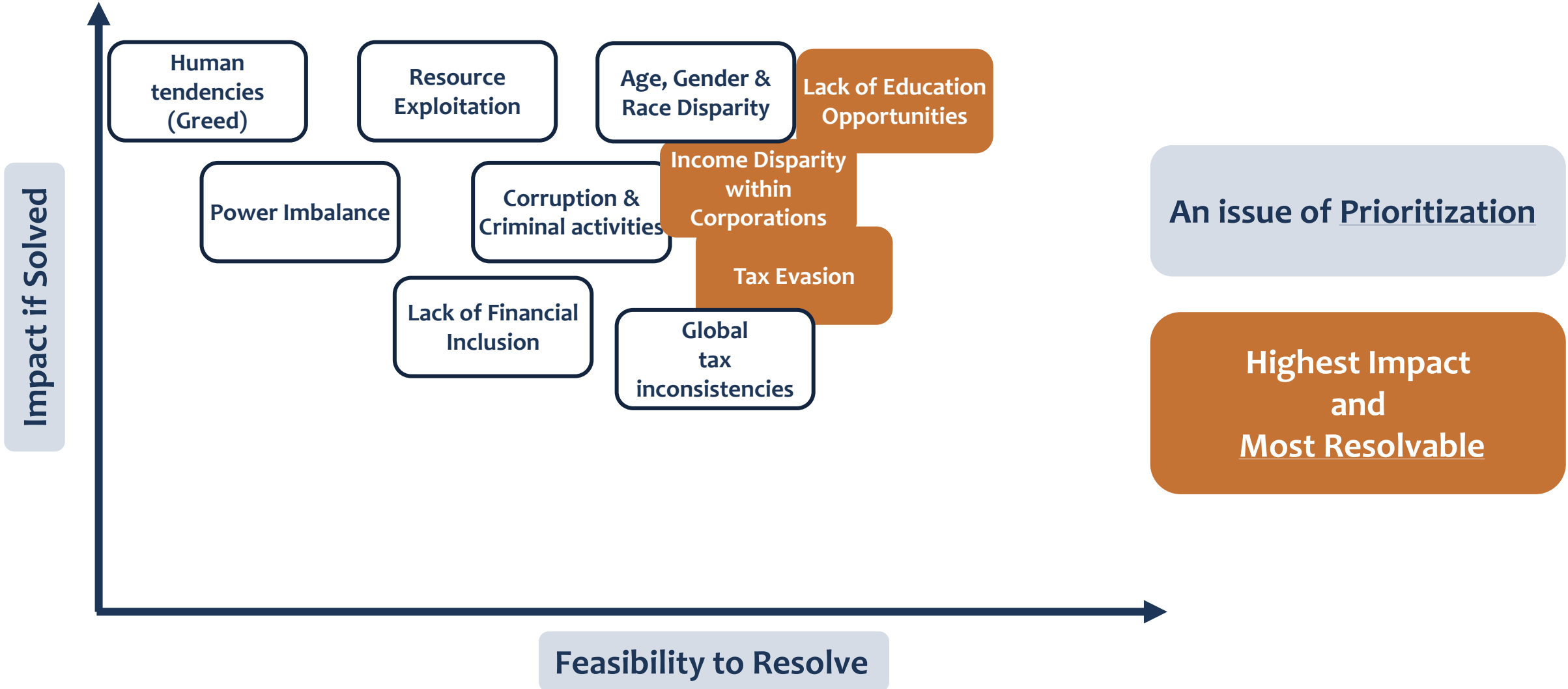


	UN Relationship	Global Wealth Share	Relatability to Wealth Inequality	Political Flexibility
China				
Germany				
Japan				
USA				

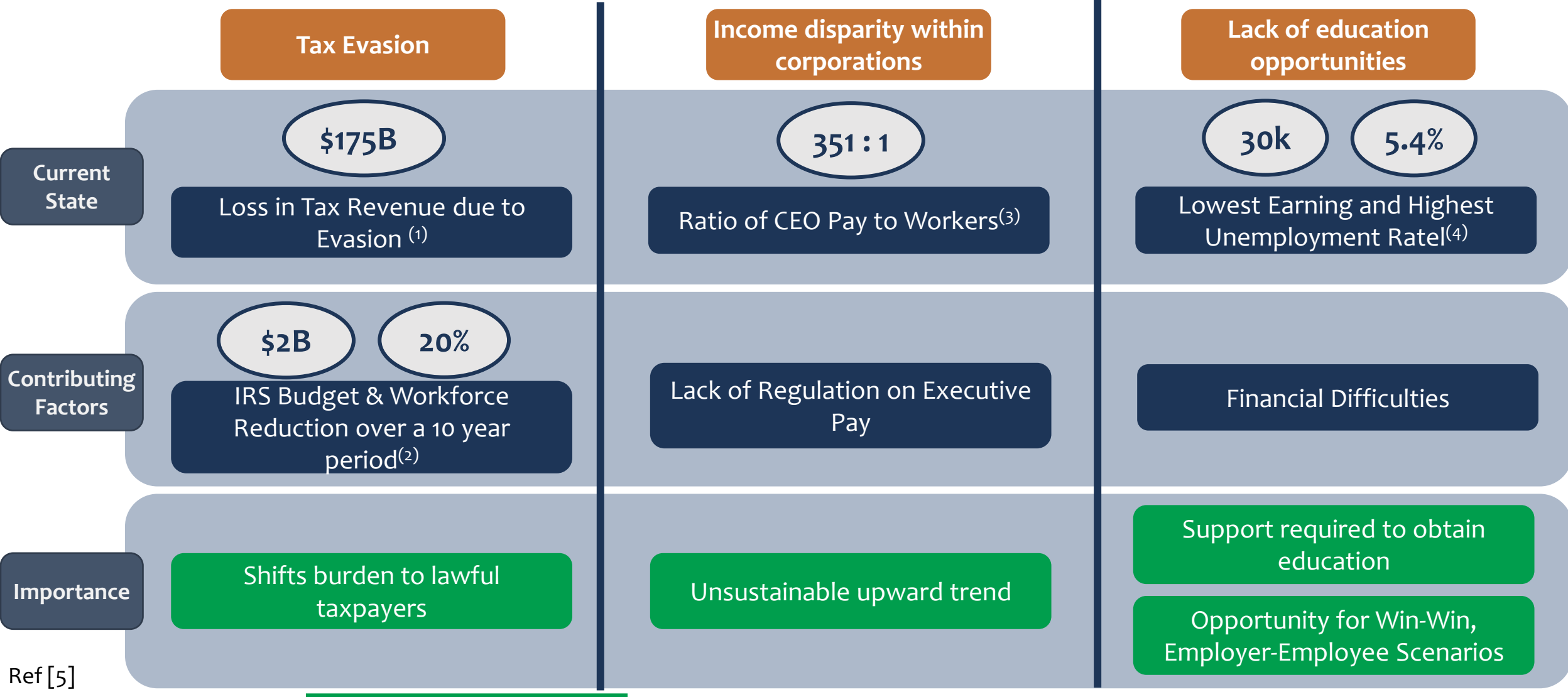
Understanding the causes of disparity at US



Understanding the causes of disparity at US




Key factors driving inequality in the US

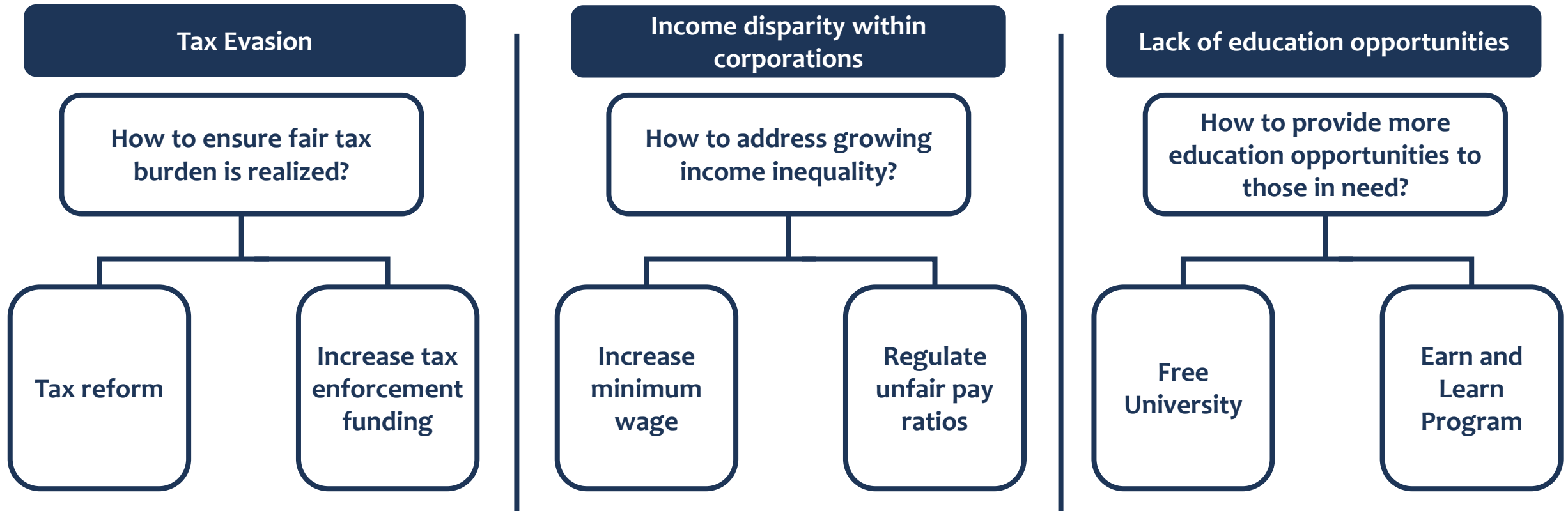


Ref [5]

How can the United Nations work with the United States to begin the global effort to reduce **wealth inequality**?



Three sets of decisions to address three distinct issues



Evaluating Alternative Solutions



Tax Evasion

Capital Flight
Wealth Gap
Complexity

	Capital Flight	Wealth Gap	Complexity
Tax Reform	✗	✓	✗
Tax Enforcement Funding	✓	✓	✓

Income disparity within corporations

Capital Flight
Wealth Gap
Complexity

	Capital Flight	Wealth Gap	Complexity
Minimum Wage	✗	✓	✗
Regulate Pay Ratios	✓	✓	✗

Lack of education opportunities

Cost
Wealth Gap
Complexity

	Cost	Wealth Gap	Complexity
Free University	✗	✓	✗
Earn and Learn Program	✓	✓	✗

Evaluating Alternative Solutions



Tax Evasion

Income disparity within corporations

Lack of education opportunities

Capital Flight
Wealth Gap
Complexity

Capital Flight
Wealth Gap
Complexity

Cost
Wealth Gap
Complexity

Tax Reform



Minimum Wage



Free University



Tax Enforcement Funding



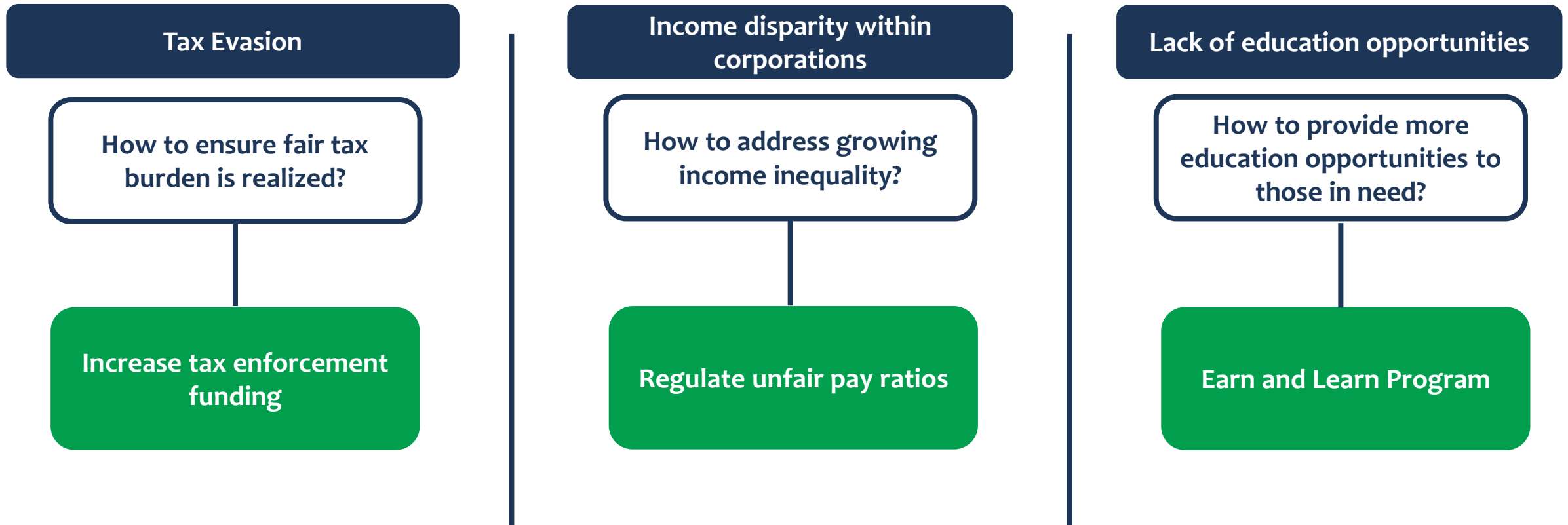
Regulate Pay Ratios



Earn and Learn Program



Creating the largest impact



Recommendation

A multi-faceted approach led by the US government to reduce the wealth gap, that is scalable globally.

1

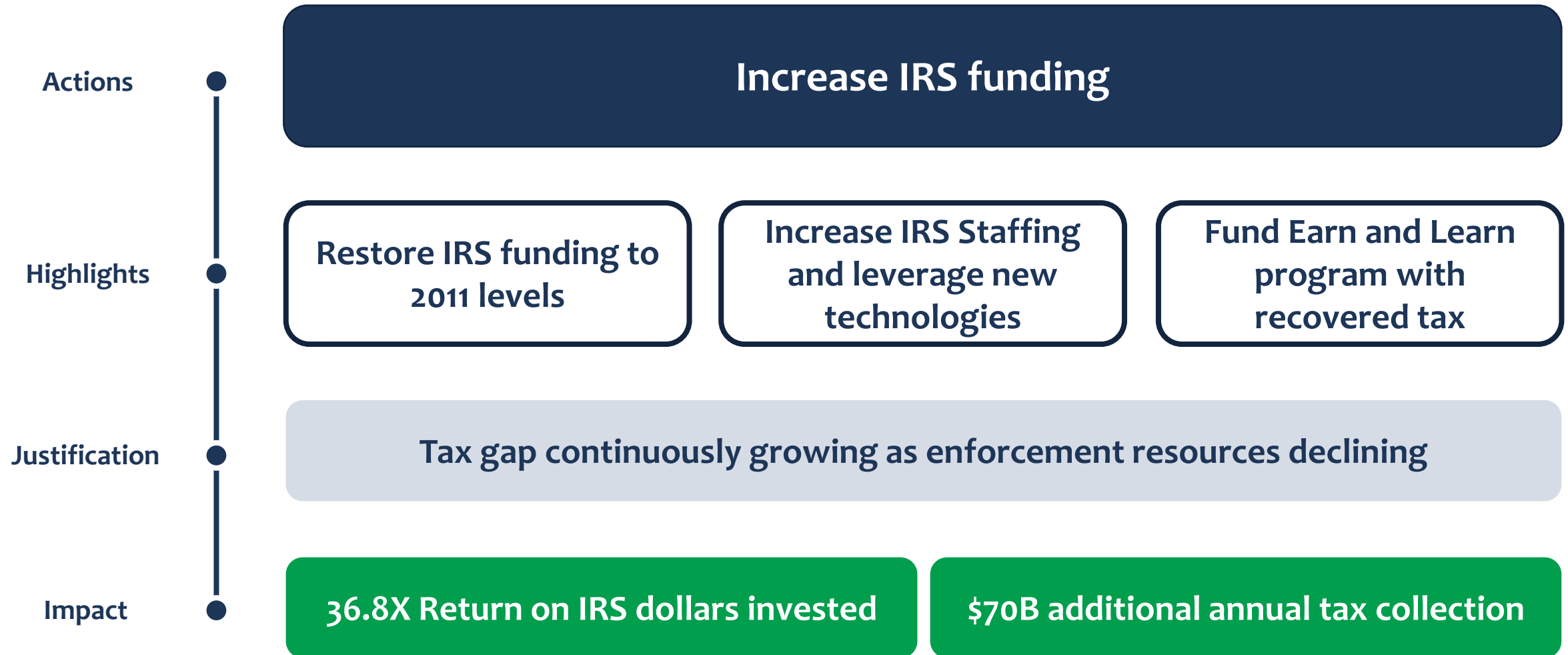
Increase IRS Funding

2

Incentivize Fair Pay

3

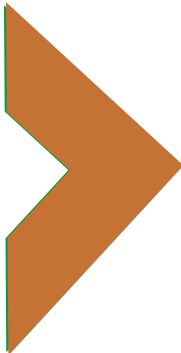
Earn and Learn State Programs



1 Increase IRS Funding to boost enforcement and fund wealth equality efforts



Give IRS back \$2B per year



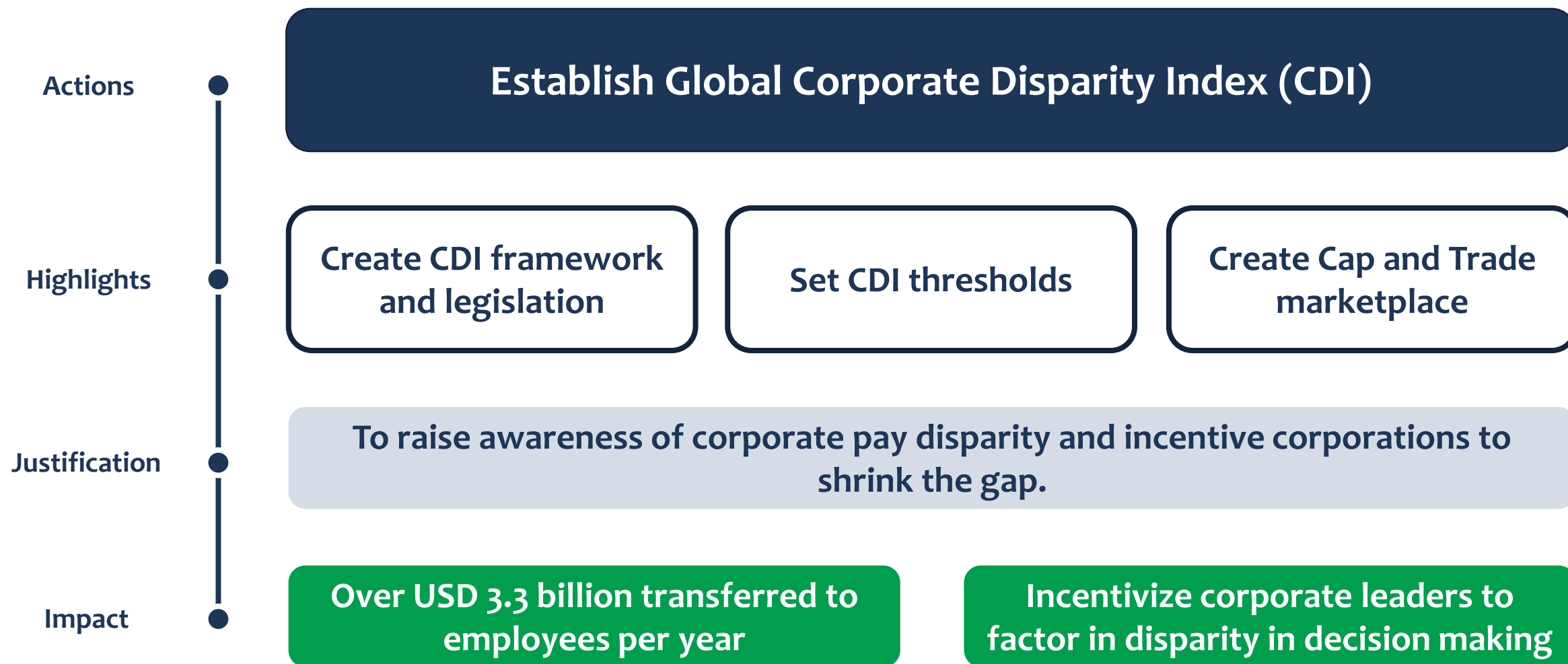
Hire back 20,000 FT employees and allocate remainder to boosting digital enforcement technology (Big Data, Analytics, AI)



\$68B (70-2)
recovered taxation

\$16.2B
Allocate to Education/Work Program

\$51.8B
Surplus in Gov't Funding



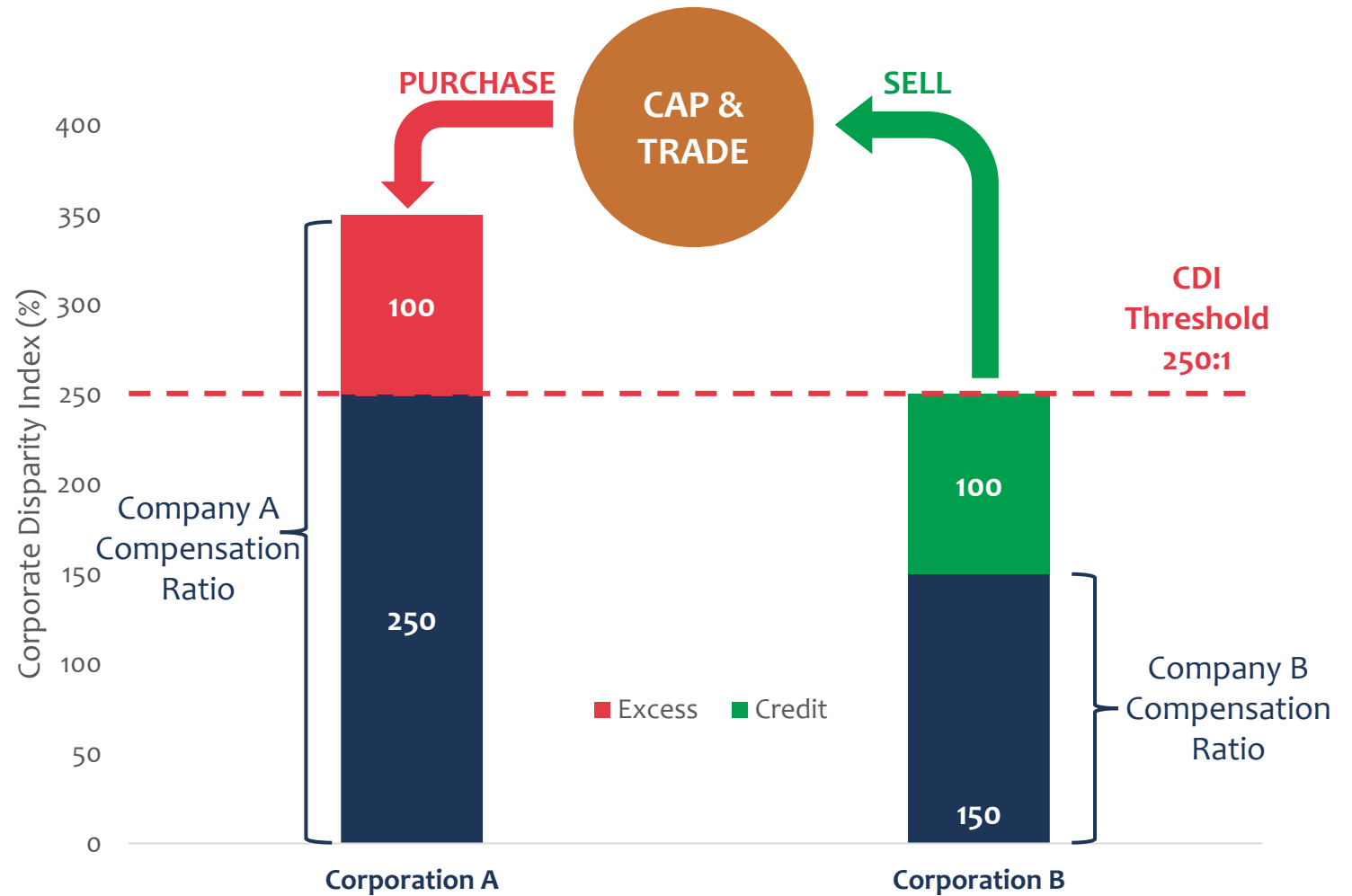
Ref [6]

Incentivizing Fair Pay



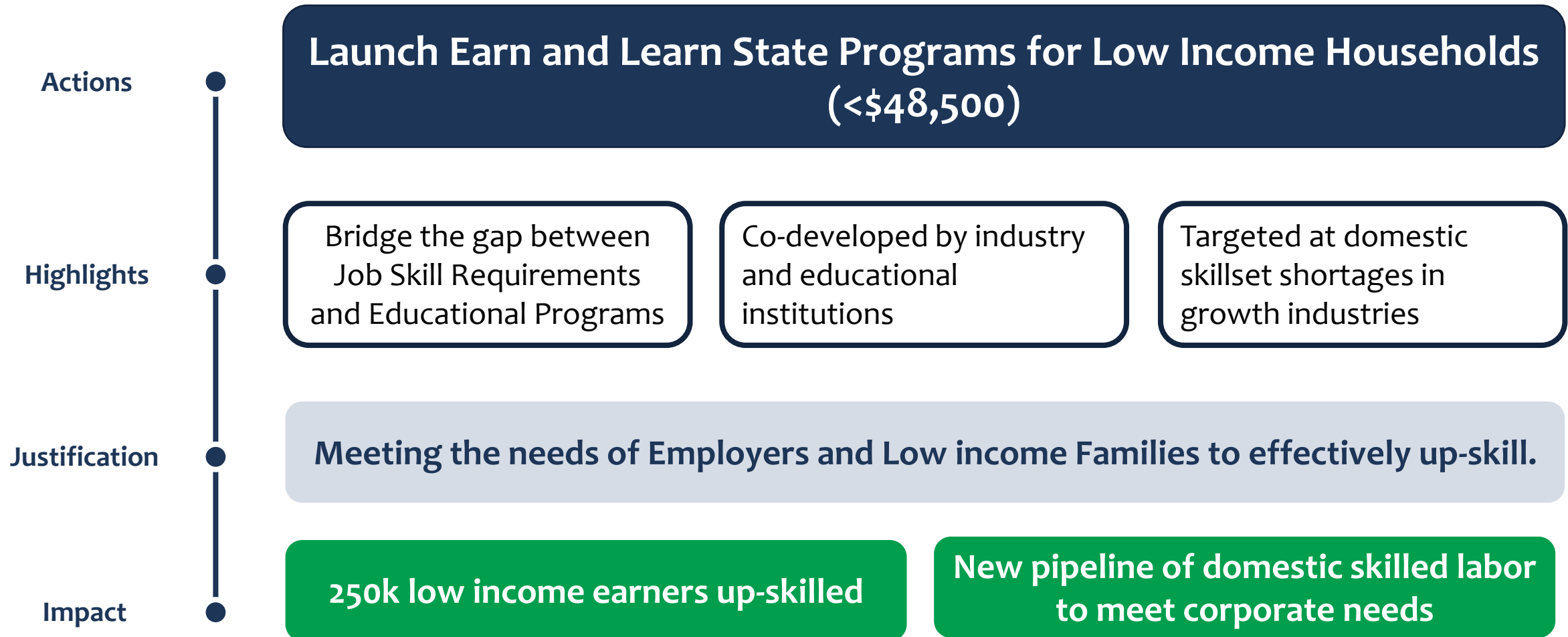
CDI compares executives-to-average employee total compensation

Places tax burden on corporations that promote income inequality



Ref [7]

Earn and Learn State Programs



Earn and Learn Program – Details



Government

Educators

Employers

Resource Requirement

16.2B USD

Annual Program Cost

62k USD

Cost per Student

Program co-Development Support

16k USD

50% Student Salary Cost

Program co-Development Support

Benefits Realized

6.5 Years

Payback Period

581k NPV

Per Student over lifetime earnings

Improved Alignment with Industry Knowledge Requirements

16k USD

Per Student Salary Subsidy

New Domestic Talent Pipeline

Reduced Onboarding Costs

The US will be the Blueprint for Global Application



Tax Evasion, a \$500-600B global problem ⁽¹⁾

- ❑ Prioritize funding of regulatory agencies
- ❑ Promote Sharing of Technological Advancements
E.g. AI, Machine Learning, Data



High Global Impact

The Growing Global Corporate Pay Gap

- ❑ 378 Fortune 500 Companies outside of US
- ❑ CDI to drive cultural shift amongst business leaders and consumers



Directly Scalable Globally

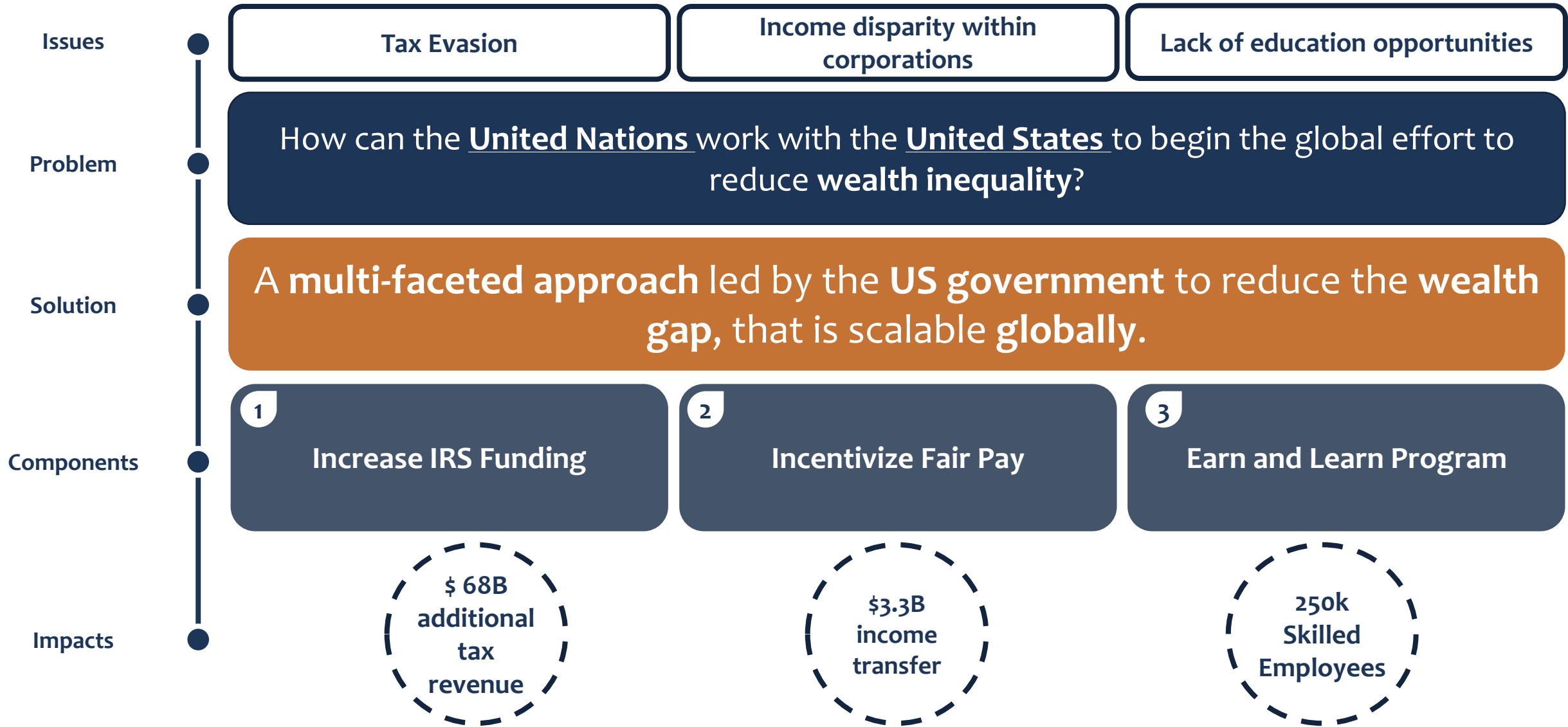
Upskilling of Jobs is a Global Trend

- ❑ Education is beneficial across regions
- ❑ Success of US Earn & Learn program can accelerate global buy in



Increased Confidence

Conclusion





UNITED
NATIONS

Appendices

References



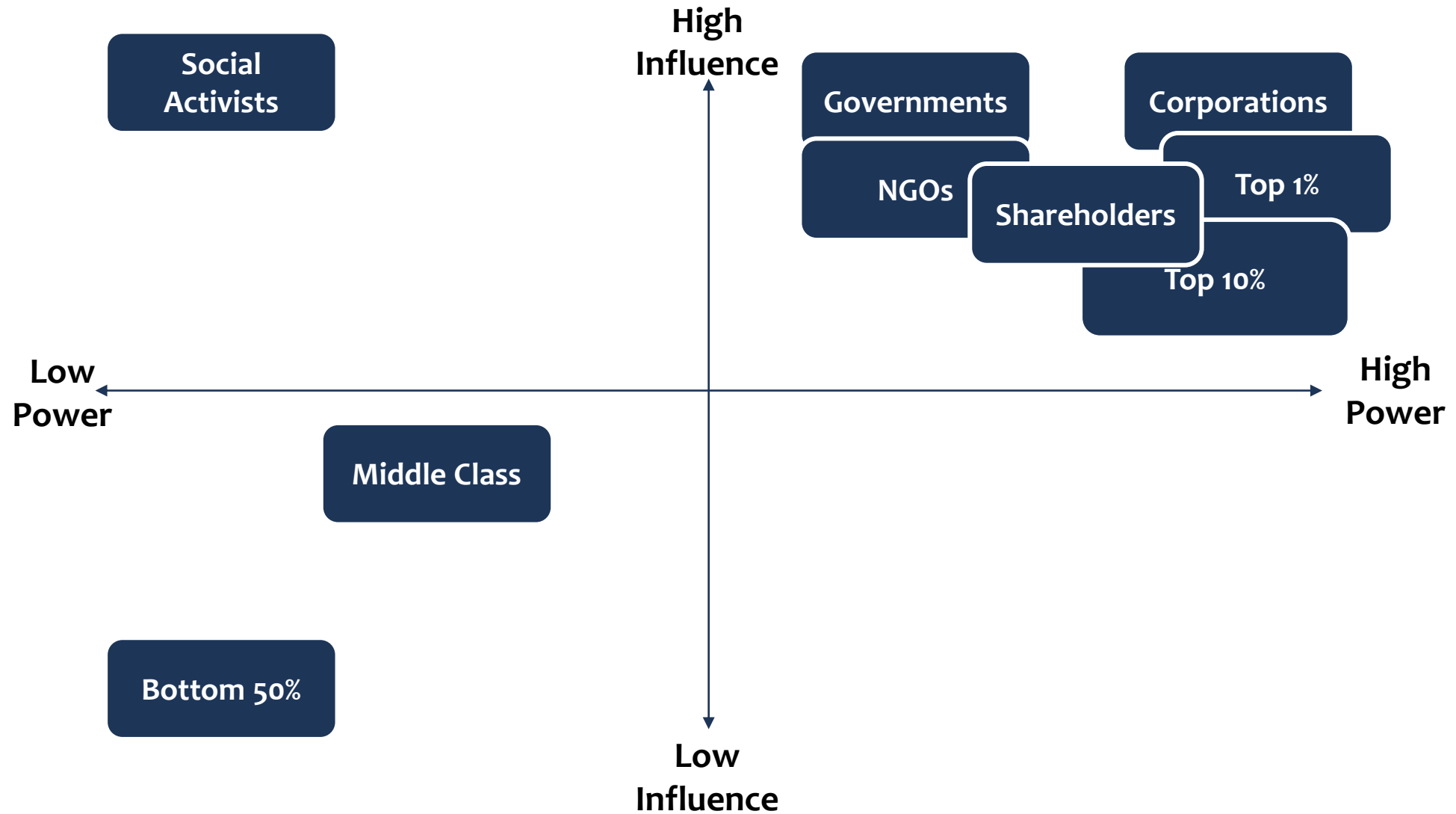
	References
1	www.visualcapitalist.com/distribution-of-global-wealth-chart/
2	https://oxfamilibrary.openrepository.com/
3	https://datacommons.org/place/country/USA?utm_medium=explore&mprop=amount&popt=EconomicActivity&cpv=activitySource%2CGrossDomesticProduction&hl=en
4	https://www.census.gov/library/publications/2021/demo/p60-273.html https://inequality.org/facts/wealth-inequality/
5	https://www.washingtonpost.com/business/2021/03/26/wealthy-tax-evasion/ https://www.irs.gov/statistics/irs-budget-and-workforce https://www.epi.org/publication/ceo-pay-in-2020/ https://www.northeastern.edu/bachelors-completion/news/average-salary-by-education-level/
6	https://www.epi.org/publication/ceo-pay-in-2020/
7	https://www.epi.org/publication/ceo-pay-in-2020/
8	https://www.worldometers.info/world-population/population-by-country/ https://www.worldometers.info/gdp/gdp-by-country/
9	https://www.reuters.com/world/china/un-showdown-over-xinjiang-china-says-lies-still-lies-2021-10-21/
10	https://www.oecd.org/tax/beps/oecd-g20-inclusive-framework-members-joining-statement-on-two-pillar-solution-to-address-tax-challenges-arising-from-digitalisation-october-2021.pdf https://www.oecd.org/tax/beps/about/ https://www.irs.gov/compliance/joint-chiefs-of-global-tax-enforcement

Current Approaches to the Key issues are ineffective

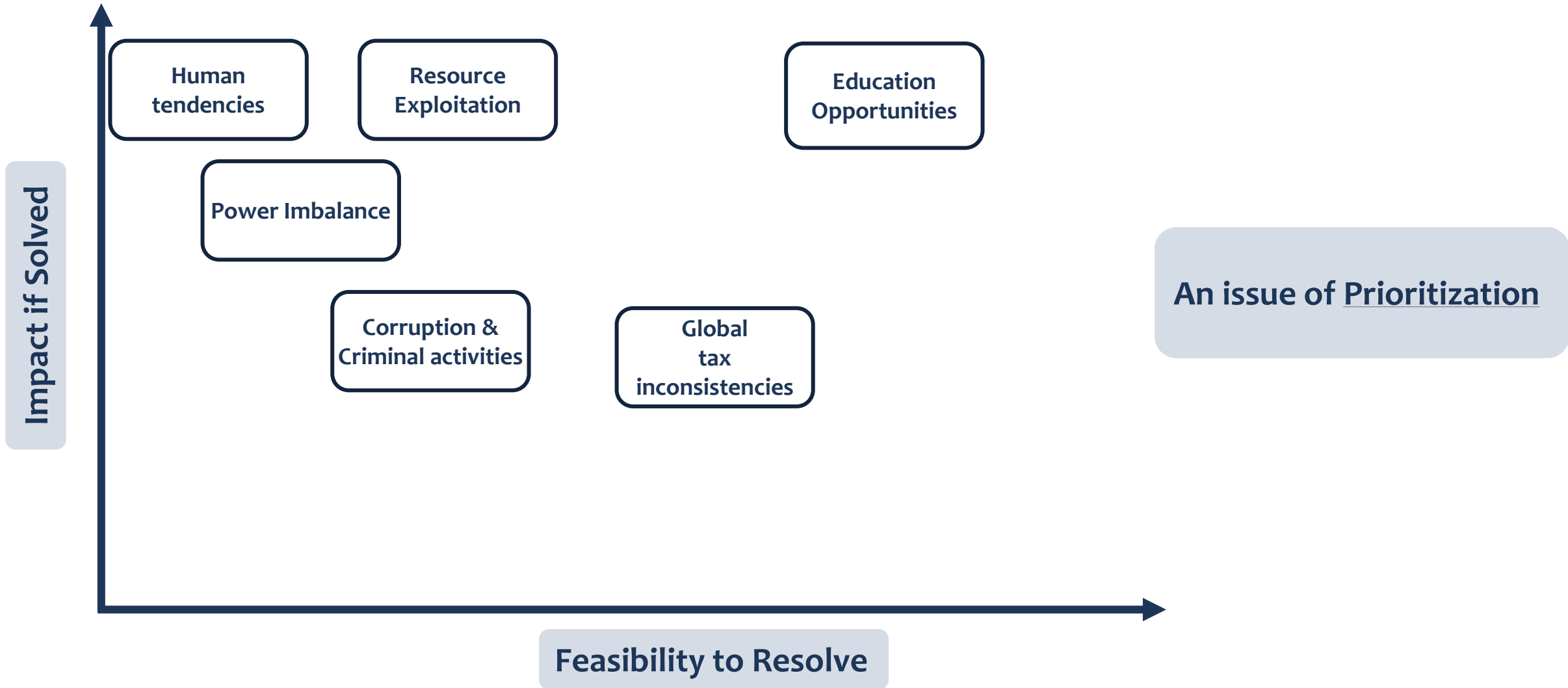


Current Approach	Problem	Impact
Current Tax Policy	Full of loopholes	The rich can afford to bypass, underenforced
Social Security	Questionable Sustainability	Silver tsunami will put pressure on younger workforce
Charities and Foundations	Inefficient and used for evasion	Executive salaries, overhead, occasional fraud

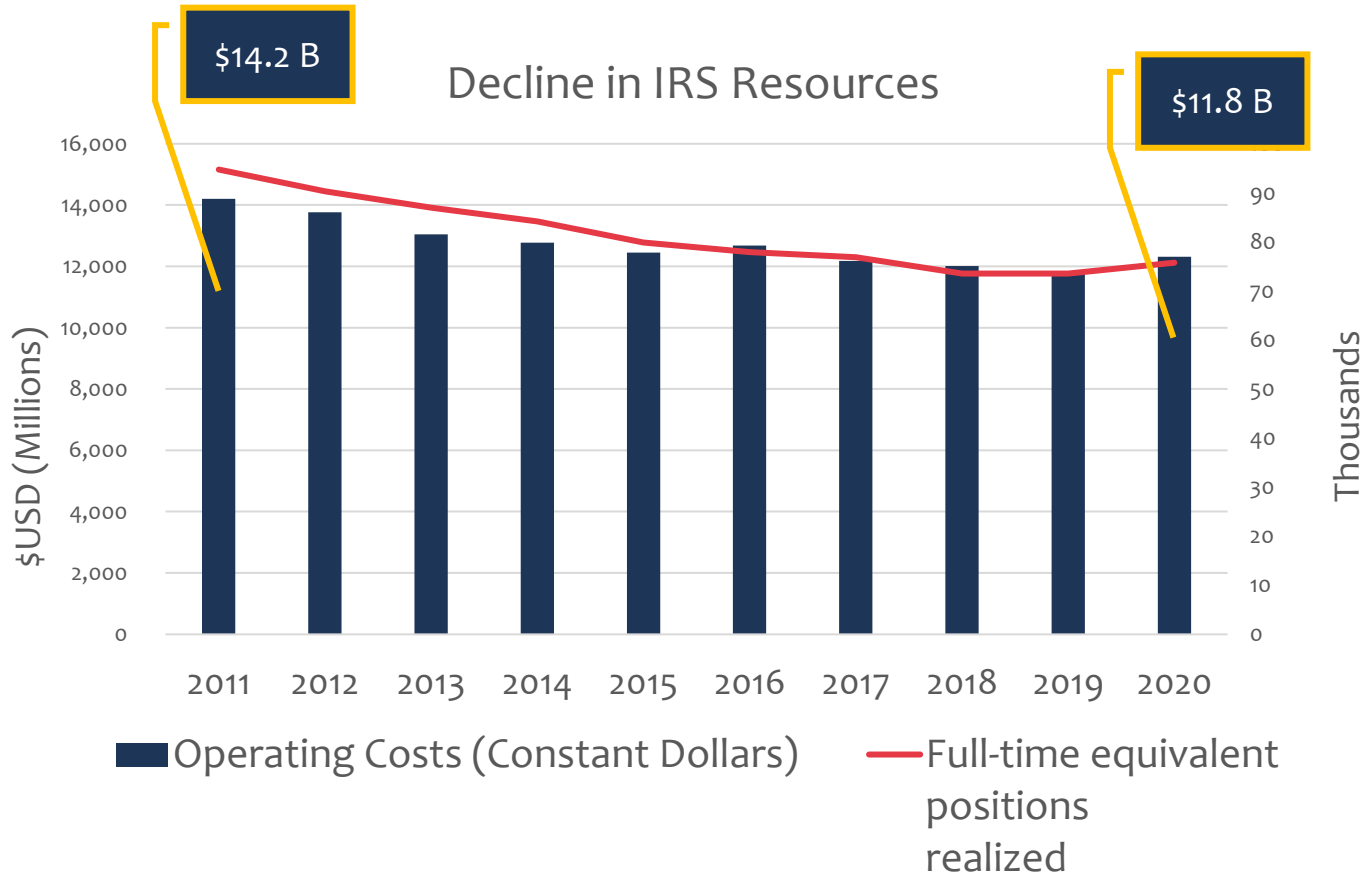
Stakeholder analysis chart



Understanding the causes of inequality at a global level



IRS resources have been cut as tax gap continues to grow



48% decline in examination rate from a 31% reduction in FT employees and \$1.9B reduction in budget

Estimated annual tax gap of \$600B (3% of GDP)

Annual tax gap may surpass \$1Tr in next decade, owing in part to cryptocurrency

Restoring previous funding level from 2011 could result in additional \$70B collected

communications/2019-today's-cpa/january-february/taxtopics-irs-bigdata-jan-feb2019-
 %20IRS%20is%20making%20an%20investment%20in%20big%20data%20analytics.&text=The%20IRS%20first%20began%20using,for%20developing%20audit%2

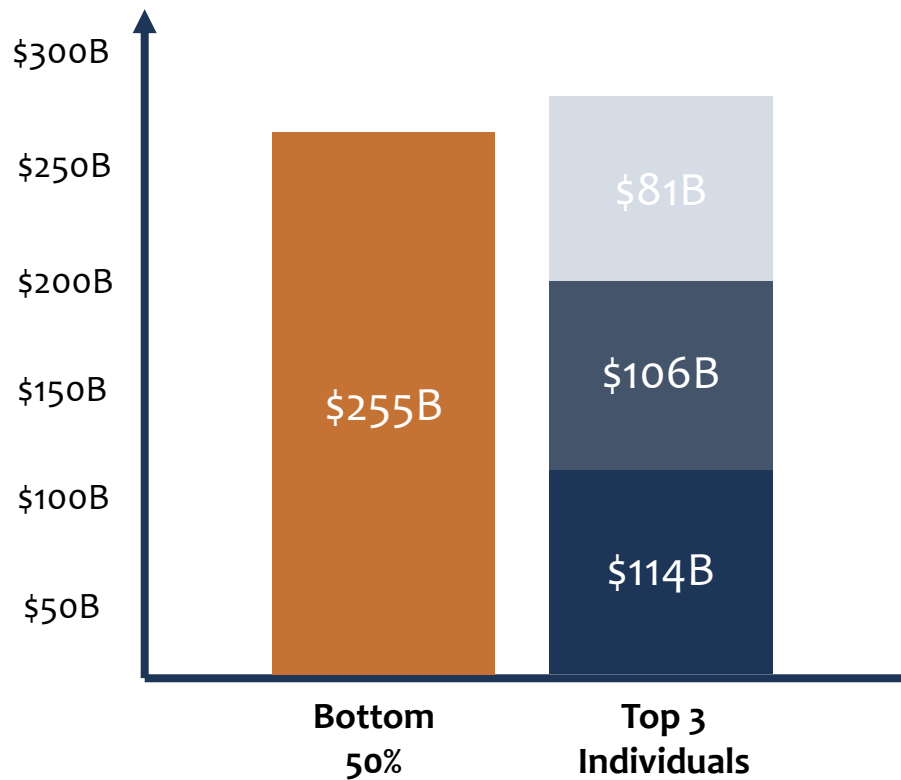
<https://www.cpajournal.com/2021/10/26/the-irss-big-plans-fc>

What does the UN need to consider for success in the US region?

The US is facing extreme disparity challenges across the nation



US exhibits wider inequality of wealth than other major developed nation



Three men own as much as the bottom half Americans

Key Aspects

- In 2020, 37.2 million people in poverty
- Racial wealth divide
- Gender gaps
- Generation gaps
- Lack of educational opportunities

Ref [4]

Impact of our recommendations



Components

1

Increase IRS Funding

2

Incentivize Fair Pay

3

Work / Education Hybrid Programs

Impacts

36.8X Return on IRS dollars invested

Over USD 3.3 billion transferred to employees per year

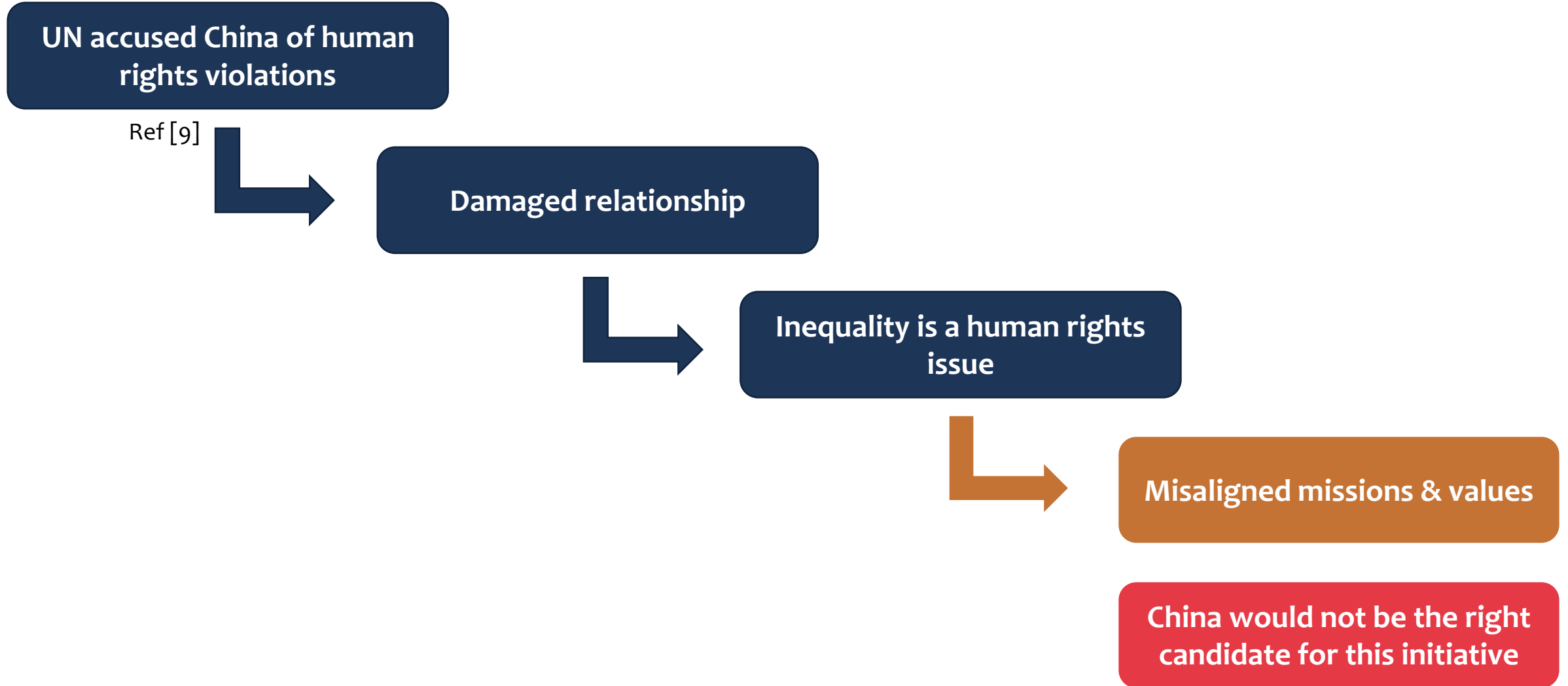
Training of 250,000 students per year

\$70B additional annual tax collection

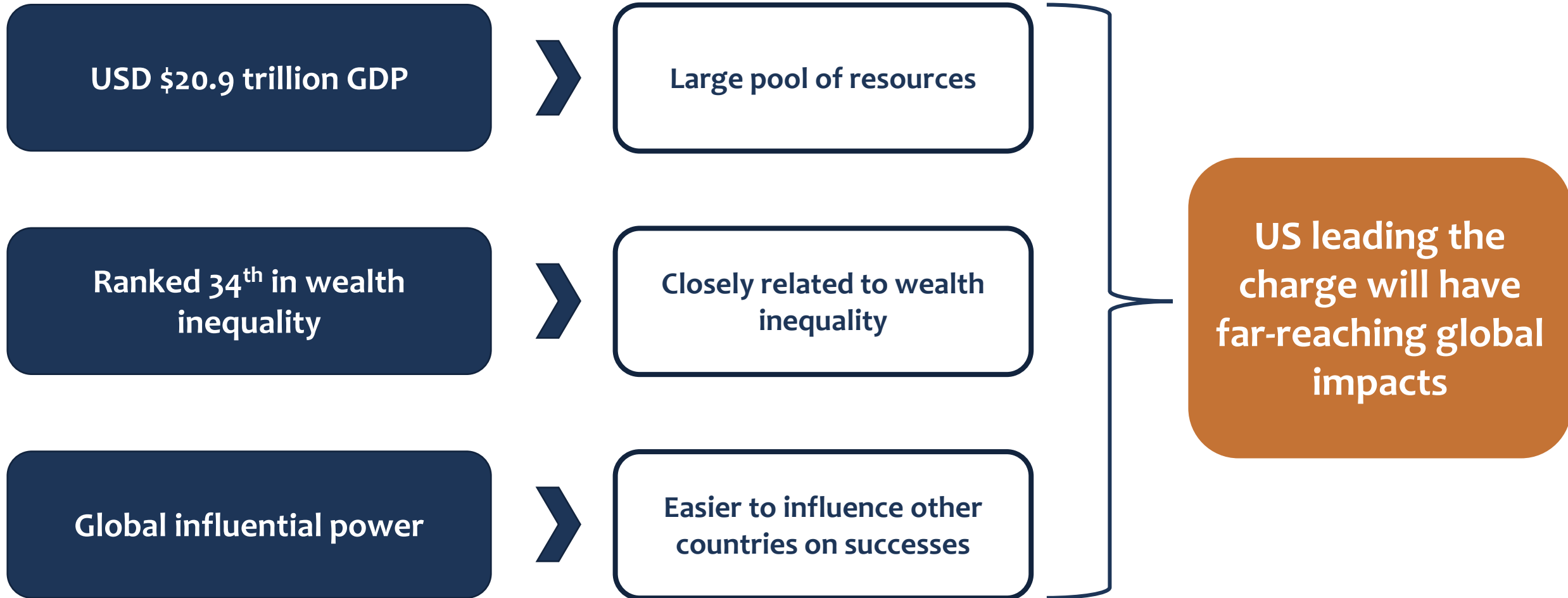
Empower consumers through CDI to make equitable purchasing decisions

Salary Increase of ~30k USD¹

Selection of focus country for UN to work with...

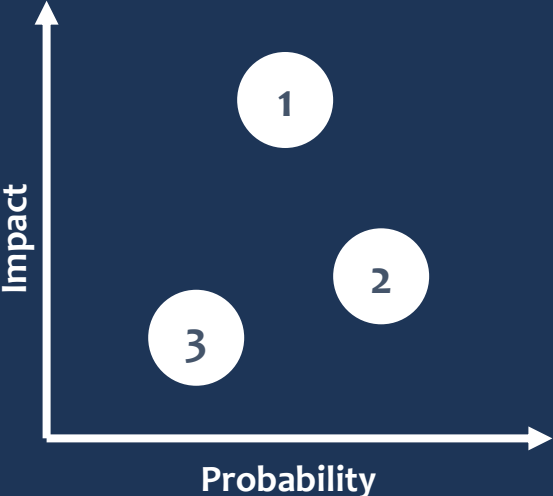


Why the US is in a position to lead the charge?



Ref [3]

Risk Management



Risks

- 1 Insufficient support in House, Congress, or Senate for IRS funding
- 2 Lobbyist push back against fair pay
- 3 Capital flight to avoid paying taxes as result of funded IRS

Mitigation

- Mobilize consumer activists to apply political pressure and sustain through next election
- Create National Wealth Equality Week and pressure companies to back down
- IRS can track large amounts of wealth being transferred and flag for closer scrutiny