



The Global Wealth Disparity Crisis

Bridging the Global Wealth Gap

Ryan and Maria



Ryan Smith

Age: 42

Education: MBA Graduate

Annual Salary: \$210,000

Employment: Business Owner

Location: Toronto, ON

History: 5th Generation Canadian

Family: Married With 3 Children



Maria Garcia

Age: 38

Education: High School Graduate

Annual Salary: \$32,000

Employment: Food Server

Location: Montreal, QC

History: 1st Generation Canadian

Family: Single Mother of 2 Children

With the growing disparity in economic wealth across the globe, what can Canada do in order to bridge that gap?

How can we ensure a better way of life for all Canadians, while serving as an example for others around the world?

SKIP CONSULTING

DeGroote
SCHOOL OF BUSINESS
EDUCATION WITH PURPOSE



Chirag Sheth



Stephanie Keen



Brandon Kober



Sejal Pandya

Introduction

Key Factors

Analysis

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Risks

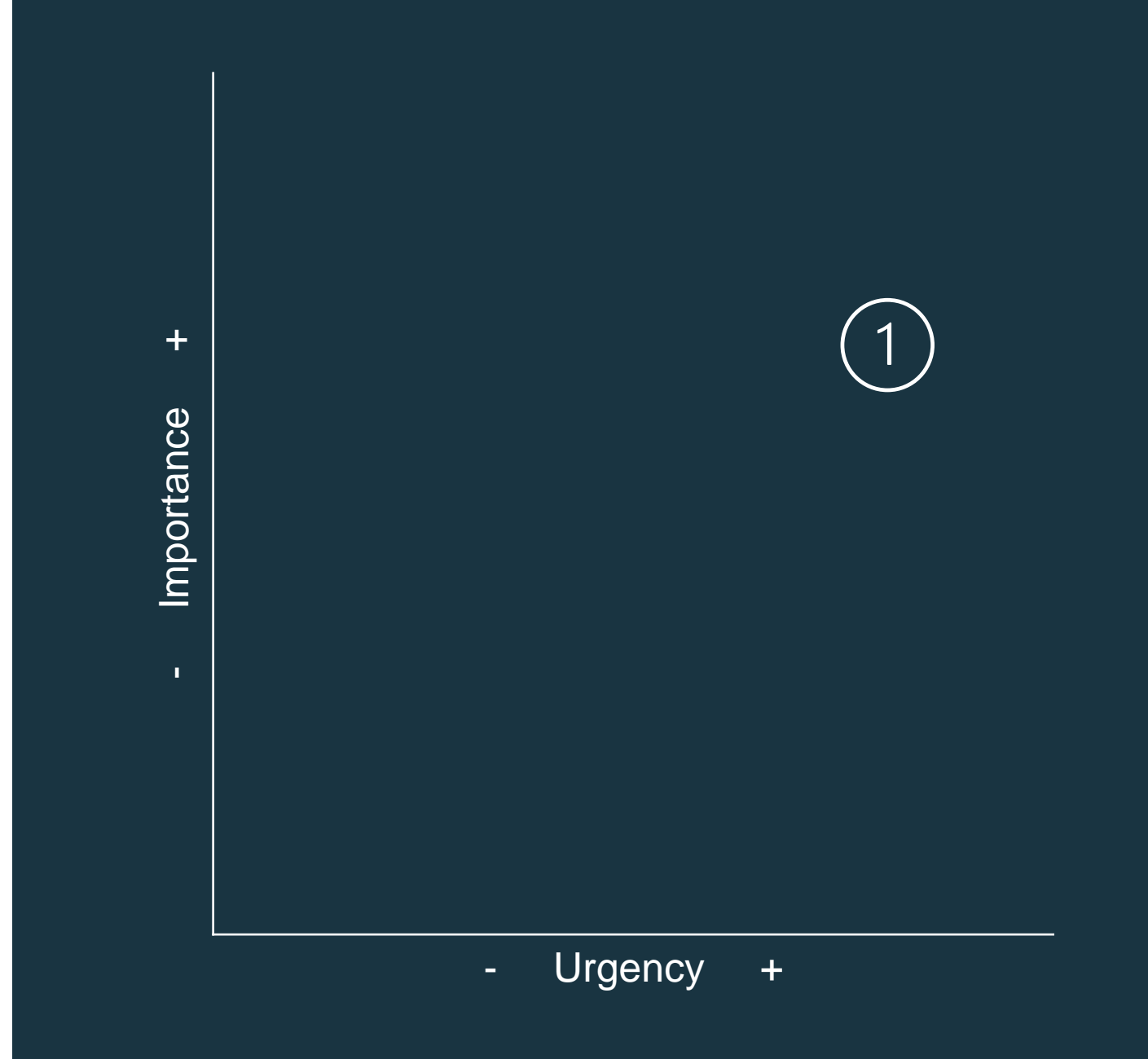
The Canadian Government Must Take the Lead

Crafting policy to strengthen public programs & services,
as well as corporate and labour regulations

Key Factors for a Solution

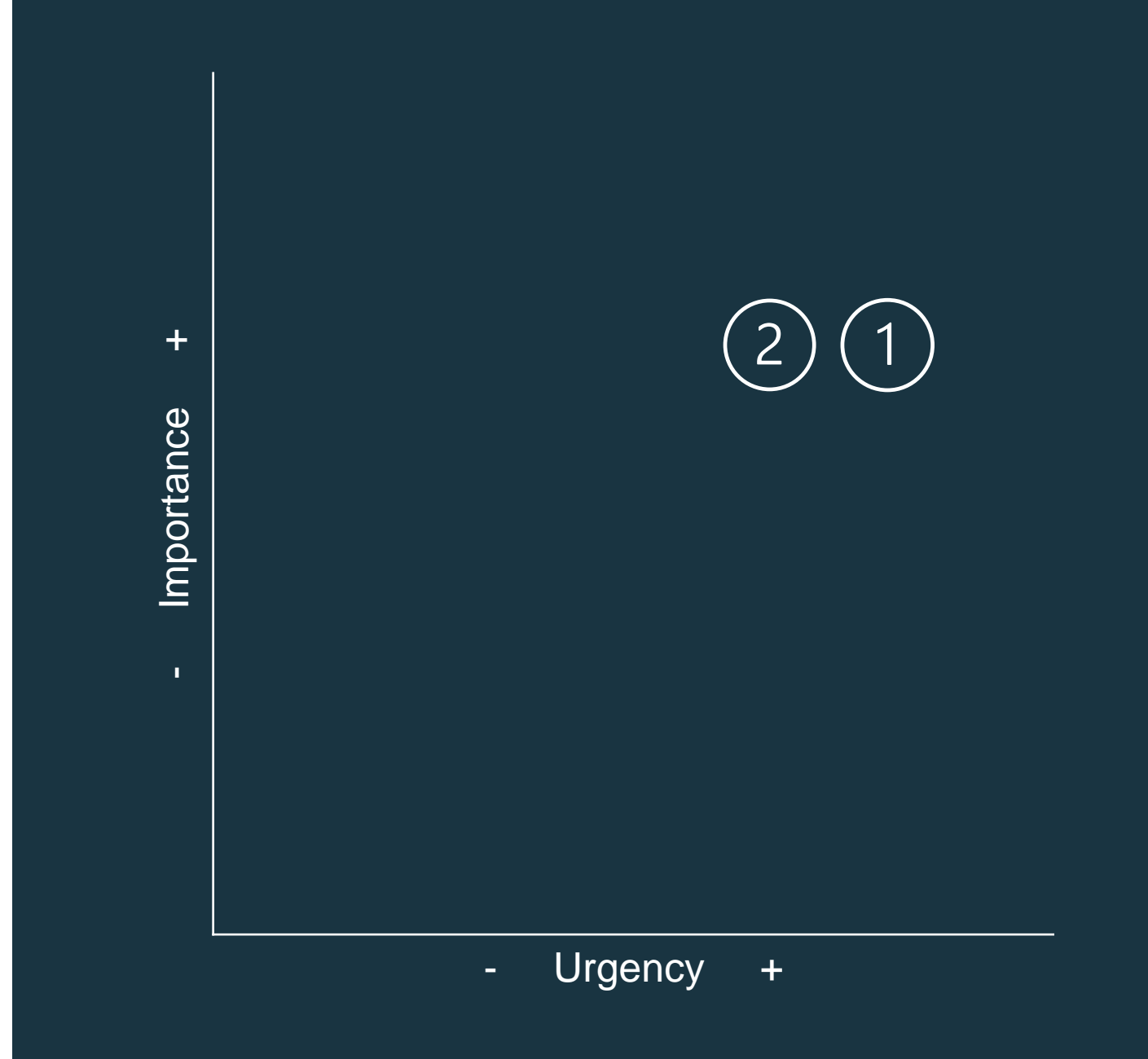
Key Factors for a Solution

- 1 **Depth of Impact**
How greatly will changes affect individual lives and reduce inequality?



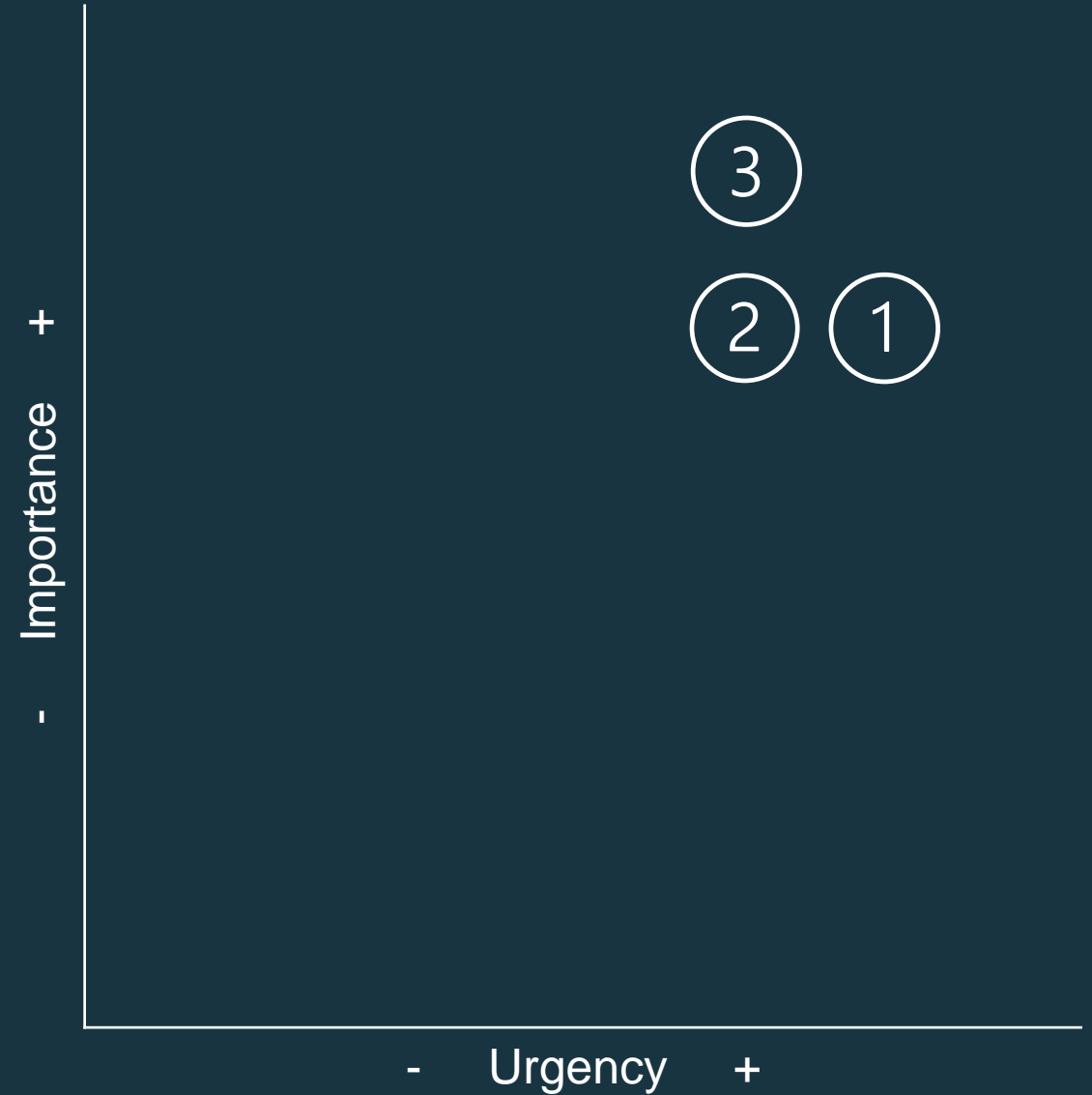
Key Factors for a Solution

- 1** **Depth of Impact**
How greatly will changes affect individual lives and reduce inequality?
- 2** **Breadth of Impact**
What is the ability to scale and create impact on a broader level?



Key Factors for a Solution

- 1 Depth of Impact**
How greatly will changes affect individual lives and reduce inequality?
- 2 Breadth of Impact**
What is the ability to scale and create impact on a broader level?
- 3 Feasibility of Solution**
What is the ease of implementation and how realistic is the approach?



Analysis

Drivers of Wealth Inequality



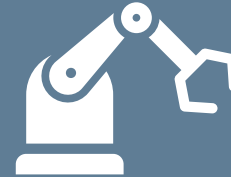
GLOBALIZATION

Increased imports of manufactured goods using low-skilled labor from developing countries further increases wealth inequality



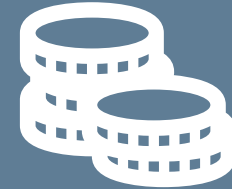
EDUCATION

Affordability and accessibility of higher education is a key barrier limiting individuals from gaining necessary advanced employment skills



AUTOMATION

Technological improvements raise income unevenly, benefitting educated workers while taking jobs away from the working class



MINIMUM WAGE & TAXES

Current minimum wages do not reflect increases in inflation, and regressive taxation models further drive wealth disparity

Source: Yglesias, M., 2015.

Drivers of Wealth Inequality



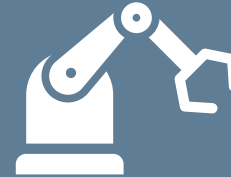
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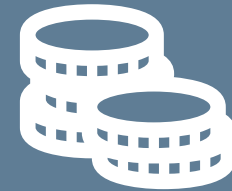
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MINIMUM WAGE & TAXES

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Source: Yglesias, M., 2015.

Key Takeaway: *Maria will always be at a disadvantage in the current socioeconomic system*

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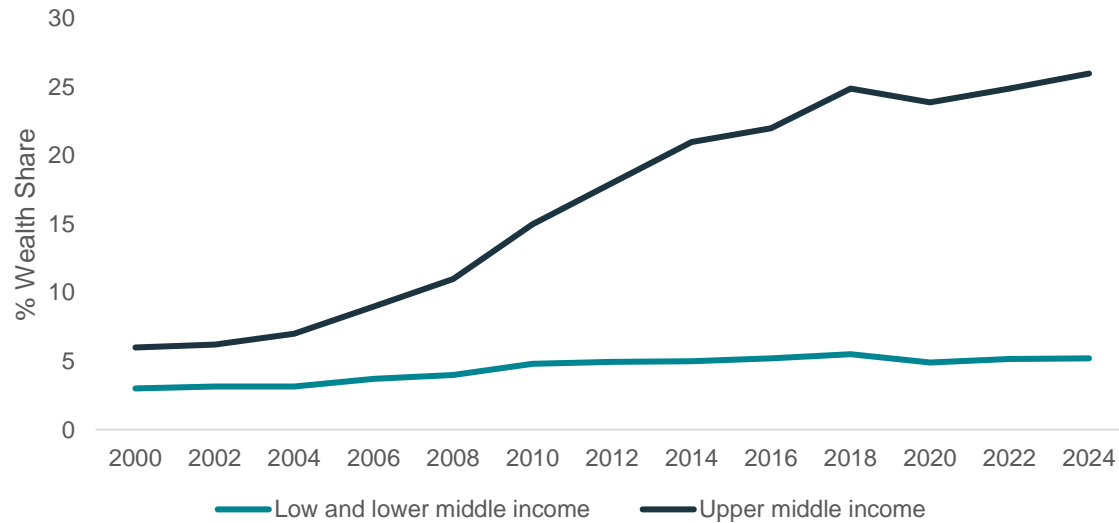
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Global Wealth Share Trends

Trend in Wealth Share of Emerging Economies



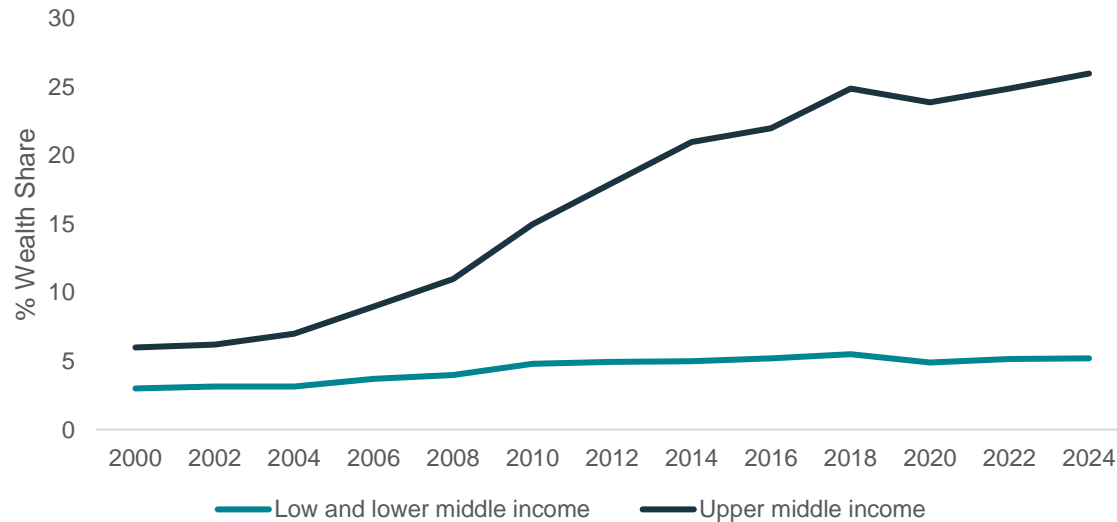
Source: Credit Suisse Global Wealth Annual Report, 2021.

Emerging Economies:

- Slow growth over the last two decades in most low- and middle-income countries
- Emerging economies have been unable to offer credit facilities and support packages in a post-pandemic recovery phase

Global Wealth Share Trends

Trend in Wealth Share of Emerging Economies



Source: Credit Suisse Global Wealth Annual Report, 2021.

Emerging Economies:

- Slow growth over the last two decades in most low- and middle-income countries
- Emerging economies have been unable to offer credit facilities and support packages in a post-pandemic recovery phase

Key Takeaway: *Less resources are available to help emerging economies, while wealthier economies are seeing continued growth*

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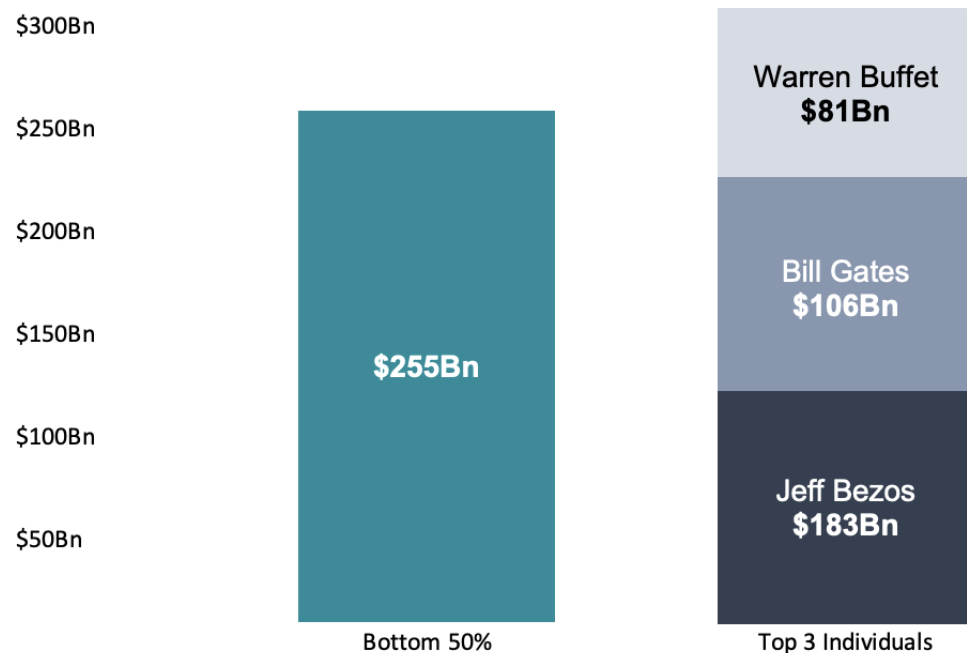
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Wealth Inequality in North America

Three Men Own as Much as the Bottom Half of Americans



Source: Inequality.org (Project of the Institute for Policy Studies), 2021. Bottom 50% data from 2016. Top 3 from 2019.

Over the past 3 decades:

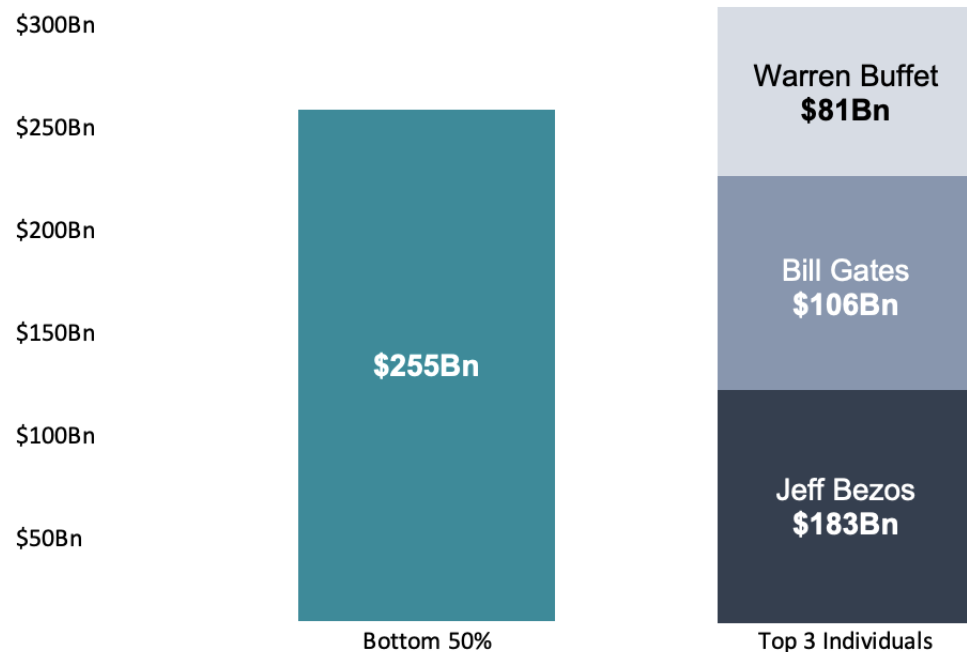
- America's most affluent families have added to their net worth
- America's poorest have dipped into “negative wealth”

Institute for Policy Studies (Mar 18, 2020 – Jul 9, 2021):

- Combined wealth of all U.S. billionaires increased by \$1.75 trillion (59.8%)
- Jeff Bezos, Bill Gates, Mark Zuckerberg, Larry Ellison, and Elon Musk saw an 113% increase in their combined wealth

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Key Takeaway: *World's wealthiest individuals have an opportunity to participate in solutions needed to address this disparity*

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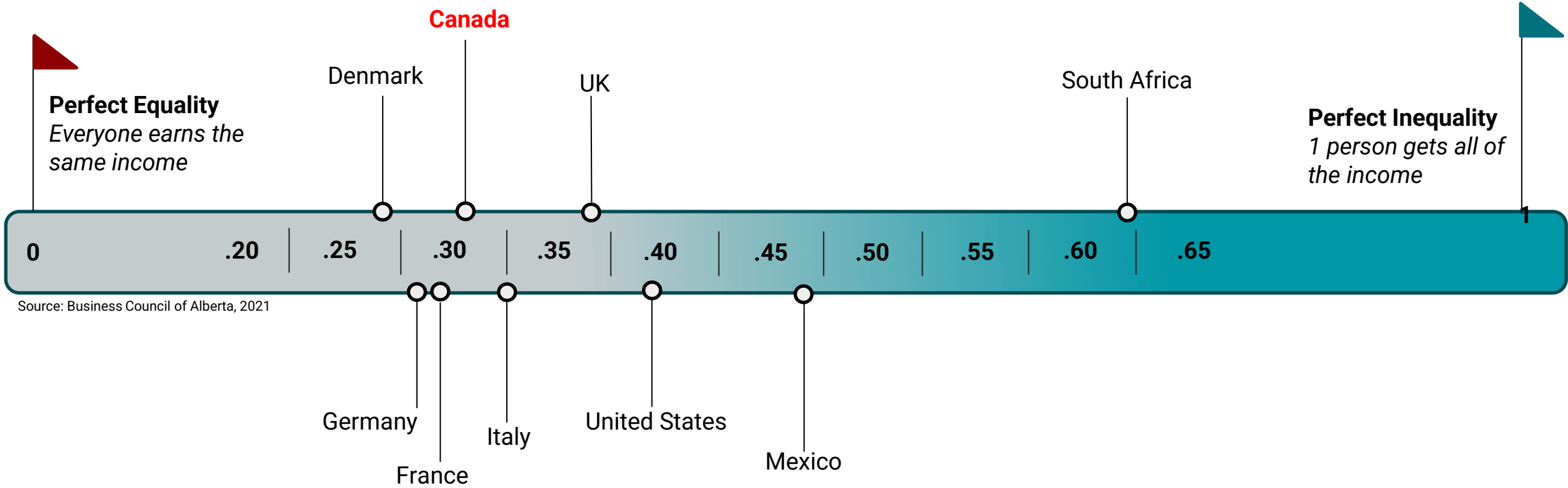
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Wealth Inequality in Canada

Post-taxes, measured by the Gini Coefficient



Source: Business Council of Alberta, 2021

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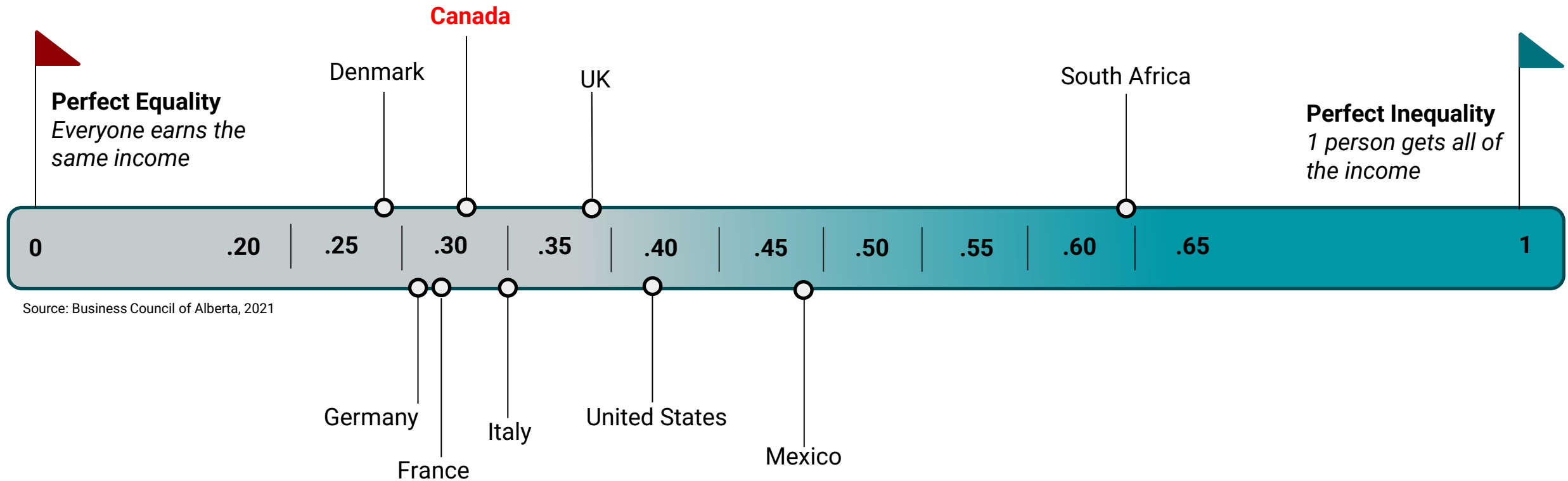
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Wealth Inequality in Canada

Post-taxes, measured by the Gini Coefficient



Source: Business Council of Alberta, 2021

Key Takeaway: While wealth inequality still exists within Canada, it is much more egalitarian than most of the world

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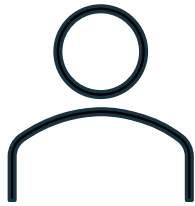
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Potential Solutions to Wealth Inequality



Individual Leadership

Individuals are the leaders of their own outcomes and must strive to increase their individual wealth



Business Leadership

Business leaders strive to close the wealth gap by implementing corporate policies internally



Government Leadership

Government are the leaders of closing the wealth gap by implementing public policy affecting everybody

Solutions



Individual Leadership

Individuals are the leaders of their own outcomes and must strive to increase their individual wealth by budgeting, investing, upgrading their skills, networking, and voting

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Individual Leadership

Individuals are the leaders of their own outcomes and must strive to increase their individual wealth by budgeting, investing, upgrading their skills, networking, and voting

Pros

Impact depth on an individual level

Cons

Does not remove systemic barriers of inequity and inequality

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Individual Leadership

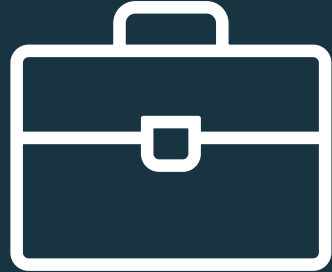
Individuals are the leaders of their own outcomes and must strive to increase their individual wealth by budgeting, investing, upgrading their skills, networking, and voting

With the resources Ryan has access to he continues to hustle and successfully build his business



With the systemic barriers she experiences she continues to hustle but faces many obstacles

Solutions



Business Leadership

Business leaders strive to close the wealth gap by implementing corporate policies including reskilling their employees and reforming incentives, labour structures, diversity and inclusion practices and compensation.

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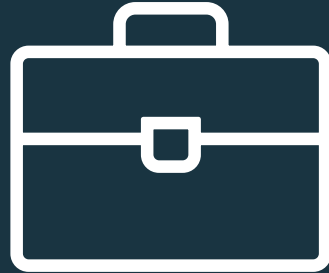
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Business Leadership

Business leaders strive to close the wealth gap by implementing corporate policies including reskilling their employees and reforming incentives, labour structures, diversity and inclusion practices and compensation.

Pros

Feasible to implement on the corporate level

Impact on organization's employees is high

Other companies may be influenced to act similarly, with a higher degree of ethical standards

Cons

Trusting goodwill

Voluntary vs mandatory

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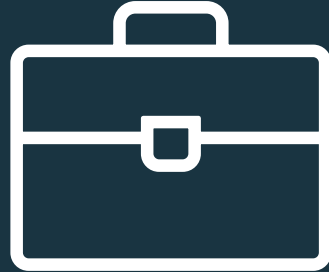
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Business Leadership

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Ryan voluntarily decides to reallocate the company funds to improving all employee compensation by 1%



Maria's company decides money is to be used to renovate the facilities instead of investing in their employees

Solutions



Government Leadership

Government are the leaders of closing the wealth gap by implementing public policy that addresses programs and services, corporate law, and labour law.

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Government Leadership

Government are the leaders of closing the wealth gap by implementing public policy that addresses programs and services, corporate law, and labour law.

Pros

Largest impact depth on an individual level

Widest scope of impact on the most businesses & individuals

Motivated by public greater good

Cons

Requires cooperation and political will among various governments & stakeholders

The landscape of policymaking takes time

Policies and agendas may change with leadership or regime changes

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Government Leadership

Government are the leaders of closing the wealth gap by implementing public policy that addresses programs and services, corporate law, and labour law.

Ryan leans on government policies to create a more equitable work environment that supports diversity and inclusion



Maria benefits from public policies that support her employment and improves her access to healthcare, education, and childcare.

Decision Matrix

Factor	Weight	INDIVIDUAL LEADERSHIP	BUSINESS LEADERHSIP	GOVERNMENT LEADERSHIP
Impact Depth	0.3	3	4	5
Impact Reach	0.3	1	2	5
Feasibility	0.4	4	3	3
Total	1.0	2.8	3	4.1

Scale out of 5

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Scale out of 5

“The most important changes we need, at the speed that we need them to be made, are going to have to come by changing the rules of the game. And that's something that **only government can do.**”

*-Tariq Fancy
Former Chief Investment Officer
BlackRock Sustainable Investing*

Recommendations

Public Policy Approaches to
Closing the Wealth Gap in Canada



The Power of Good Government

Three Policy Buckets



Government

Individuals



Businesses



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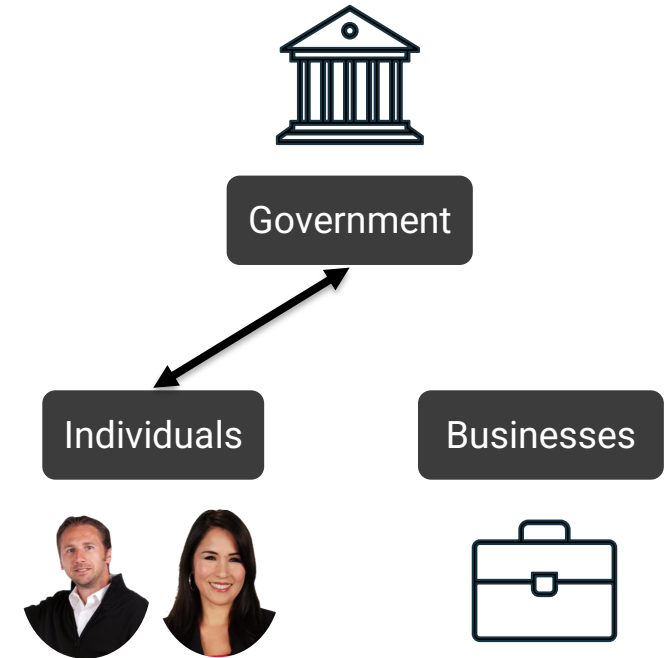
Risks

The Power of Good Government

Three Policy Buckets



- Education
- Housing
- Child Care



The Power of Good Government

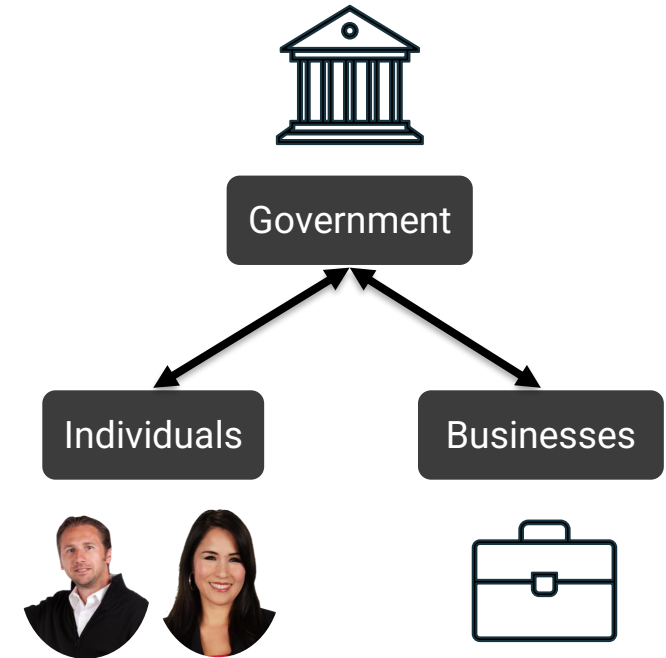
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- Education
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- Governance
- Automation
- International tax rates



The Power of Good Government

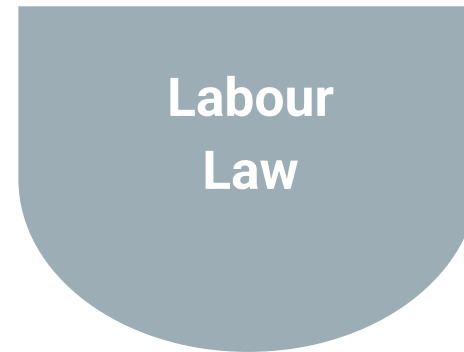
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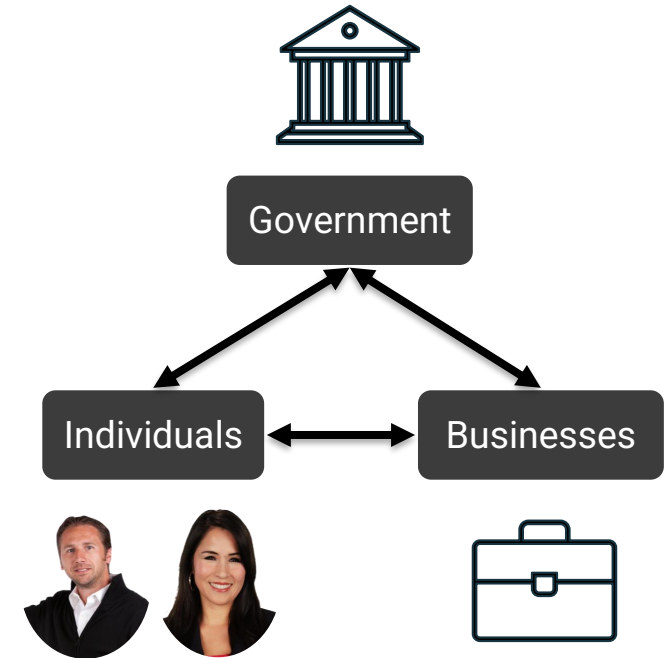
- Education
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- Governance
- Automation
- International tax rates



- Minimum & livable wages
- Unionization



1

Programs & Services

Key Activities

- Higher Education



- Cost of education a barrier to social mobility
- Invest to make education affordable or free

- Housing as a Human Right



- Rich get richer in a commodified housing market
- Regulate home prices & increase affordable supply

- Child Care



- Prohibitive costs limit meaningful employment, especially for women
- Implement a national child care program

1

Programs & Services

Key Activities

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Impact on Ryan



- Healthier & safer community
- Equitable opportunities
- Minor tax increases

Impact on Maria



- Access to education
- Housing stability & security
- Ease of labour force participation

2

Corporate Law

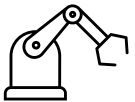
Key Activities

- Governance



- Workers' interests rarely reflected on Boards
- Mandate minimum 40% of Board be workers

- Automation



- Technology increases profits only for capital owners
- Implement a Robot Tax to maintain tax revenue

- International tax rates



- Global race to the bottom to evade corporate tax
- Agree to a global minimum corporate tax rate

2

Corporate Law

Key Activities

- Governance



- Workers' interests rarely reflected on Boards
- Mandate minimum 40% of Board be workers

- Automation



- Technology increases profits only for capital owners
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- Global race to the bottom to evade corporate tax
- Agree to a global minimum corporate tax rate

Impact on Ryan



- Minimal direct costs or benefits

Impact on Maria



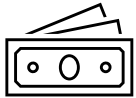
- Better represented on Boards
- Public services secured by more robust corporate taxation

3

Labour Law

Key Activities

- Minimum & livable wages



- Wages have not kept up with that of leadership
- Implement a minimum wage matched to the cost of living and inflation

- Unionization



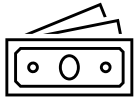
- Unions shown to compress wage distribution
- Enact supportive labour relations legislation
- Ensure equity, diversity, and inclusion throughout

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- Unions shown to compress wage distribution
- Enact supportive labour relations legislation
- Ensure equity, diversity, and inclusion throughout

Impact on Ryan



- Needs to pay employees fairly
- Increased engagement with organized labour relations

Impact on Maria



- Labour is fairly compensated
- Interests protected
- Able to afford more goods & services for her & her family

Risk and Contingency Strategies

Risks and Contingency Strategies

Risk	Likelihood	Impact	Trigger	Contingency
Pushback from corporations that are focused on profit first.	High	Medium	Proportion that express a negative response or resistance.	Communication emphasizing a triple bottom line, focusing on people, planet, and profit, in addition to corporate incentives, to drive change.

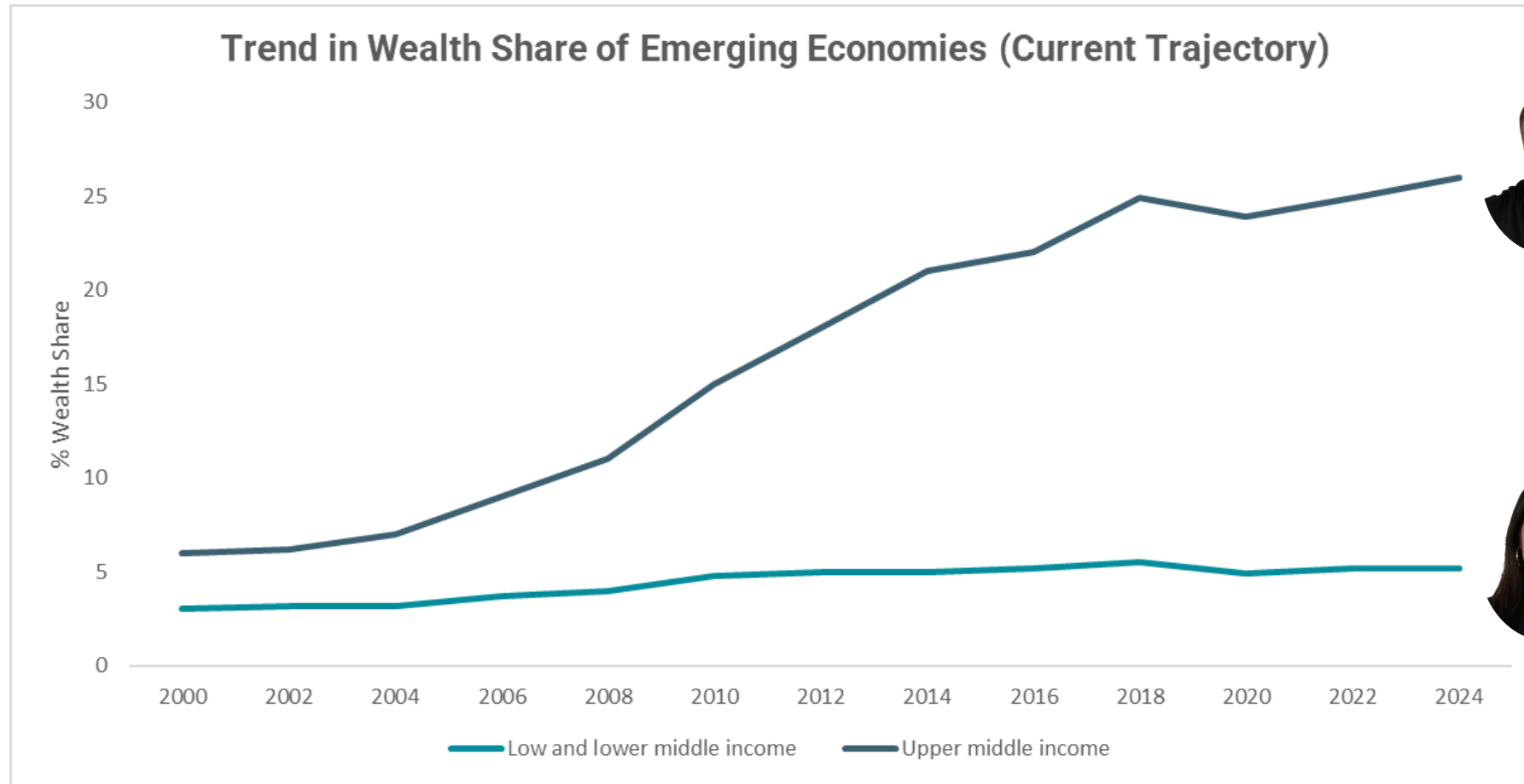
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Concern from wealthy individuals who are not a key beneficiary.	High	Medium	Proportion that express a negative response or resistance.	Messaging on social, community, and business benefits of policy changes.

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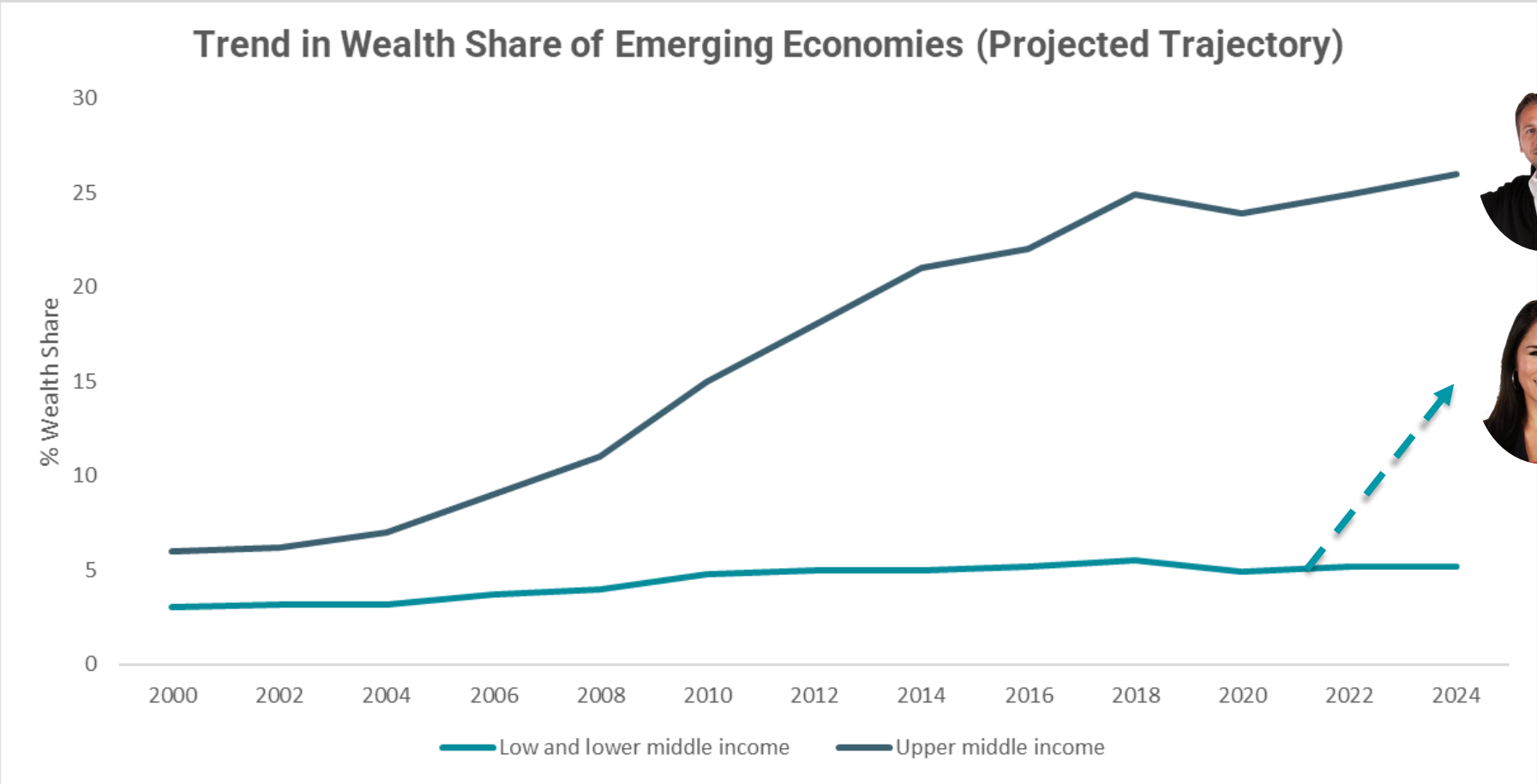
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Concern from wealthy individuals who are not a key beneficiary.	High	Medium	Proportion that express a negative response or resistance.	Messaging on social, community, and business benefits of policy changes.
Low political will to enact these policies.	Medium	High	Interest and advocacy from political officials.	Community and corporate lobbying to drive policy changes and overall benefits.

Current Trajectory of The Wealth Gap



Source: Credit Suisse Global Wealth Annual Report, 2021.

Bridging the Wealth Gap Through Government Leadership



Source: Credit Suisse Global Wealth Annual Report, 2021.

While individuals & businesses have a role in advocating for necessary policy change...



The Canadian Government must take the lead in solving the current crisis of global wealth disparity.

Appendix

References

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