

<https://youtu.be/Ka8m29F1CG4>

MBA ICC Preliminary Case: Wealth Disparity

Michigan State University

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Meet the Team



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AGENDA



INTRODUCTION

**DISPARITY
EVOLUTION**

ANALYSIS

RECOMMENDATIONS

RISK ANALYSIS

CONCLUSION

INTRODUCTION

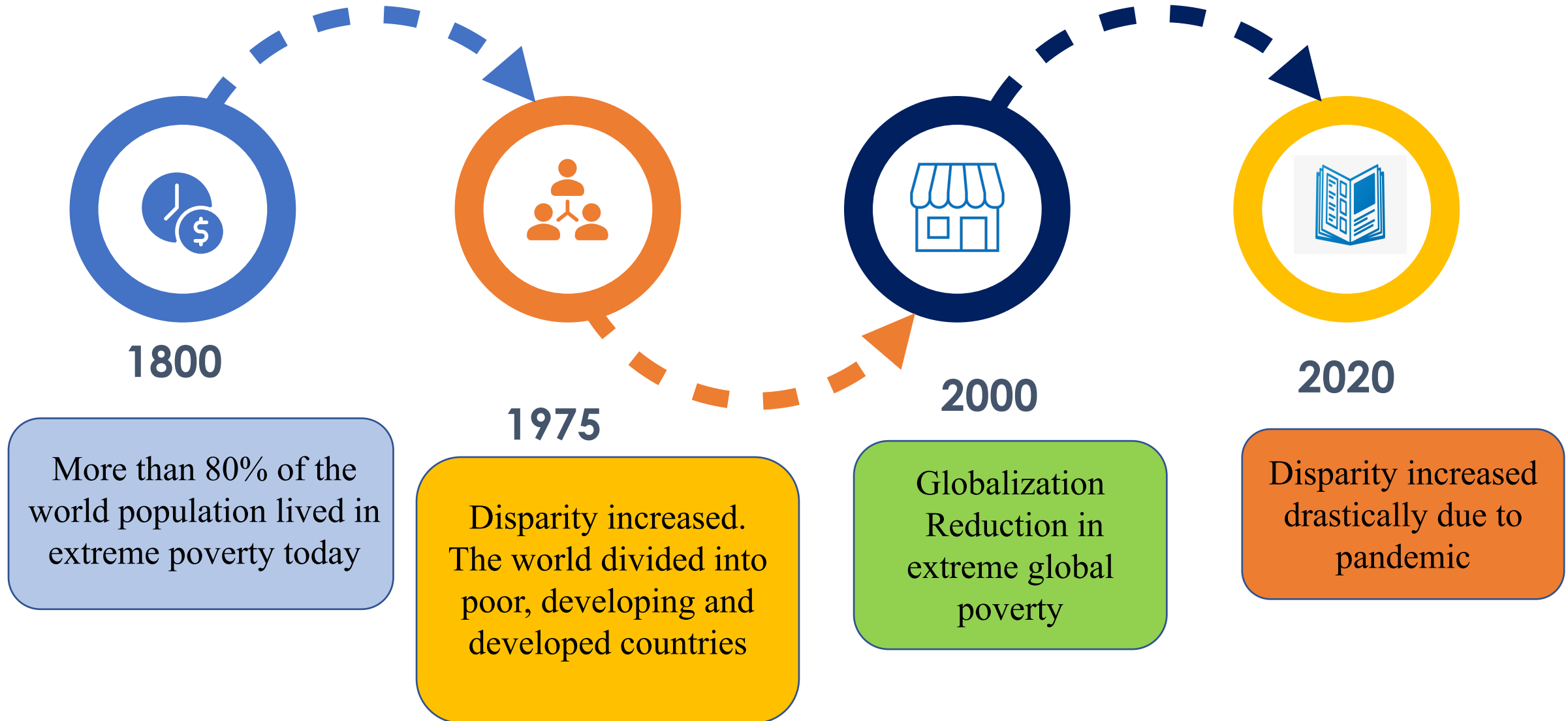
Factors affecting global wealth disparity:

- Birth year and location
- Inequality in opportunity
- Inequality between generations
- Inequalities within countries and societies – differences in regions, races, gender and other dimensions



Gini Coefficient- Statistical measure used to gauge economic inequality by measuring wealth distribution.

DISPARITY EVOLUTION



WHY THE DISPARITY?

Causes of Wealth Disparity

**Technology Vs.
Humans**

**Uneven
distribution of
resources**

**Disparity in
skills/Education**

Access to Healthcare

**Corruption &
Unfavorable economic
policies**

THREE CASE EXAMPLES



USA – 0.85

- Concentration of Fortune 500 companies & CEOs
- Post-industrial sector with two extremes: better paying highly skilled jobs and lower wage service jobs
- Offshoring manufacturing jobs



INDONESIA 0.83

- Limited access to quality education/opportunities for the poorest
- Lack of skills development for lower wage jobs
- Unequal resilience to shocks



NIGERIA – 0.81

- Political corruption & selected allocation of juicy Government contracts
 - Unstable economy – Single main export product Crude Oil
 - High import dependency
-

WEALTH vs. TAX

Wealth share and Tax share (Top 0.01% tax-payers in US)

- Data from last 30 years shows an increasing gap between Total wealth share vs. Tax share in US

The gap is ever increasing

- Wealth share increased from 2% to 10% but tax share increased from 2% to 4% only

Reason for this gap

- Current Taxation system is not designed to reduce the disparity

VICIOUS CYCLE OF DISPARITY

Cause

- Lack of Education
- Lack of Opportunities
- Lack of Jobs



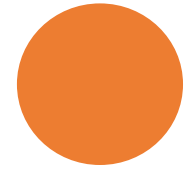
Effect

- Increased wealth disparity
- Low Income
- Poor Healthcare

How to break the cycle?

RECOMMENDATION-GOVERNMENT

Education	Income	Healthcare
<p>Grants/Scholarships</p> <ul style="list-style-type: none">Capital grants for the purpose to increase access to jobs, school, and businesses	<p>Economic Policies</p> <ul style="list-style-type: none">Increase the tax rate to the wealthiest 20 percent of people by increasing their tax rate	<p>Insurance System</p> <ul style="list-style-type: none">Effective insurance system along with transportation can make a huge difference on consistent access to health care
<p>Access of Resources to Reduce Poverty</p> <ul style="list-style-type: none">Grants to poor families for school age children	<p>Entrepreneurship</p> <ul style="list-style-type: none">Invest to increase efforts for supporting minority-owned small businesses	<p>Access to Public Hospital</p> <ul style="list-style-type: none">Health outcomes for not, delaying or skipping medication, rescheduling or missing appointments, and postponing care



GOVERNMENT



RECOMMENDATION - CORPORATIONS



Set up F-500 Forum

- FDIs into new markets
- Scholarships
- Research & Development

Income

- Diversity & Inclusion
- Wage increase
- Part-Time job Opportunities



Education/Skill Training

- On-the-job training
- Hybrid work model
- Technical development
- Tuition support staff

Healthcare

- Healthcare insurance for all employees
- Parental leave
- Safe work environments



FORTUNE
500

RISK ANALYSIS

RISK

Unwillingness of corporations to join the forum

Persistent unfavorable economic policies

Funds from tiered taxation system are inefficiently utilized

MITIGANT

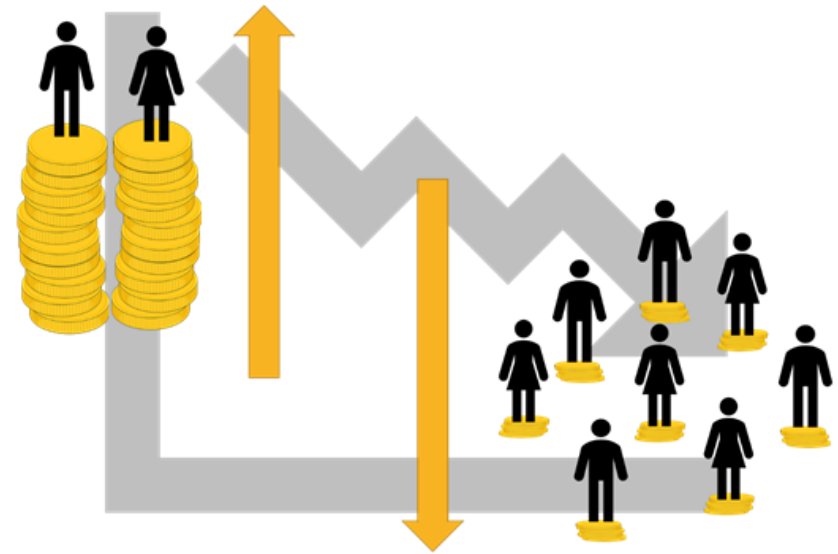
Expand the Target market from Fortune 500 to 1000 to achieve at least 30% participation and build interest

Establish public-private partnerships to ensure government has a stake

Separate committee can be created to channel funds utilization to equality gap reduction systems

CONCLUSION

- Education, income & healthcare are key sectors
- Governments have a greater role to play
- Corporations should support Government systems to reduce the disparity
- Objective is to create a minimum standard and escalate wealth onward




THANK YOU




SUMMARY


Meet the Team




Julia Agnewall
Regional Manager



Robert Engel
Senior Vice President



James Abenobi
Senior Vice President




Tina Riedel
Senior Vice President



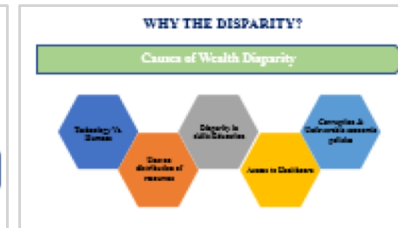
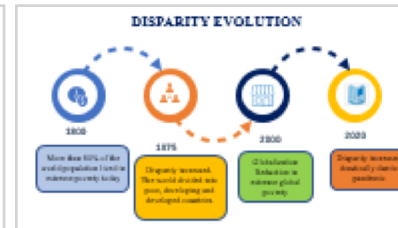
INTRODUCTION

Factors affecting global wealth disparity:

- Birth year and location
- Equality in opportunity
- Equality between generations
- Inequalities within countries and societies – differences in regions, race, gender and other dimensions



Chief Conflict: Global not enough to grasp economic inequality by measuring wealth distribution.



THREE CASE EXAMPLES



USA – G20

- Contribution of Fortune 500 companies to GDP
- Financial sector with low minimum capital paying highly skilled jobs and lower wages for jobs
- Offshoring – manufacturing jobs



GERMANY – G20

- Limited access to quality education/opportunities for the poor
- Lack of skills development for lower wage jobs
- Unemployment in the south



NIGERIA – G20

- Political corruption & limited allocation of jobs to government officials
- Limited economy – Single major export product: Crude Oil
- High import dependency

WEALTH vs. TAX

Wealth share and Tax share (Top 1.5% taxpayers in US)

- Data from last 50 years shows an increasing gap between Total wealth share vs. Tax share in US

The gap is ever increasing

- Wealth share increased from 74% to 84% but tax share increased from 25% to 35% only

Reason for this gap

- Current Taxation system is not designed to reduce the disparity



RECOMMENDATION-GOVERNMENT

Challenge	Current Policies	Recommendation
Capital growth for development to increase income in jobs, skills, and education	• Increase the rate to the threshold 15 percent of people by increasing their tax rate	• All future tax system should make a huge difference in income across the health care
Access to Healthcare Reduce Poverty	• Health care system for all people by increasing their tax rate	• Health care system for all people by increasing their tax rate
Disparity in income	• Health care system for all people by increasing their tax rate	• Health care system for all people by increasing their tax rate

RECOMMENDATION - CORPORATIONS

Set up 7400 Forum

- 7400 income standard
- Education
- Research & Development

Education/Health Training

- On-the-job training
- Health care system
- Training in the workplace
- Training support staff

Fortune 500



CONCLUSION




- Education, income & health care are key factors
- Governments have a greater role to play
- Corporations should support Government systems to reduce the disparity
- Disparity in income is a common standard and market wealth is shared

THANK YOU

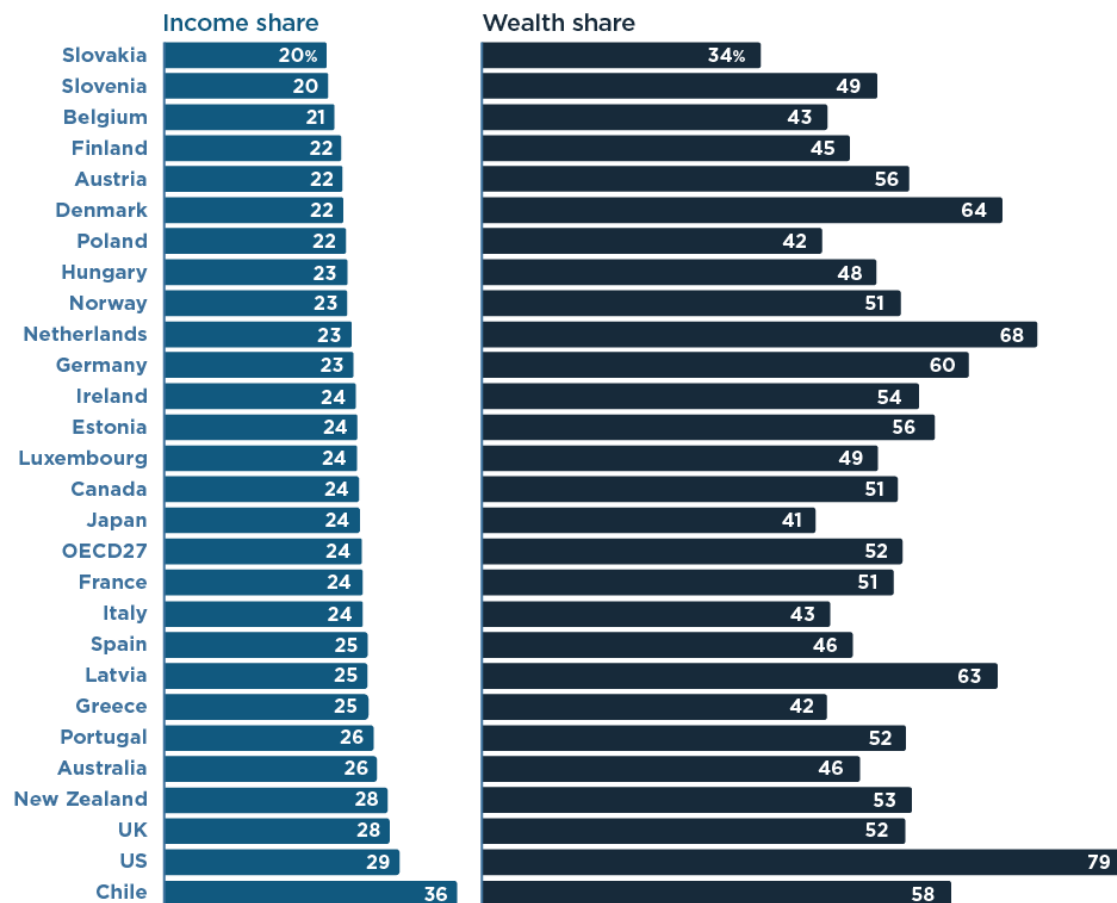


SUMMARY



APPENDIX

Figure 5: Share of total household disposable income and total household net wealth held by the top 10 percent, 2015 (or latest available)

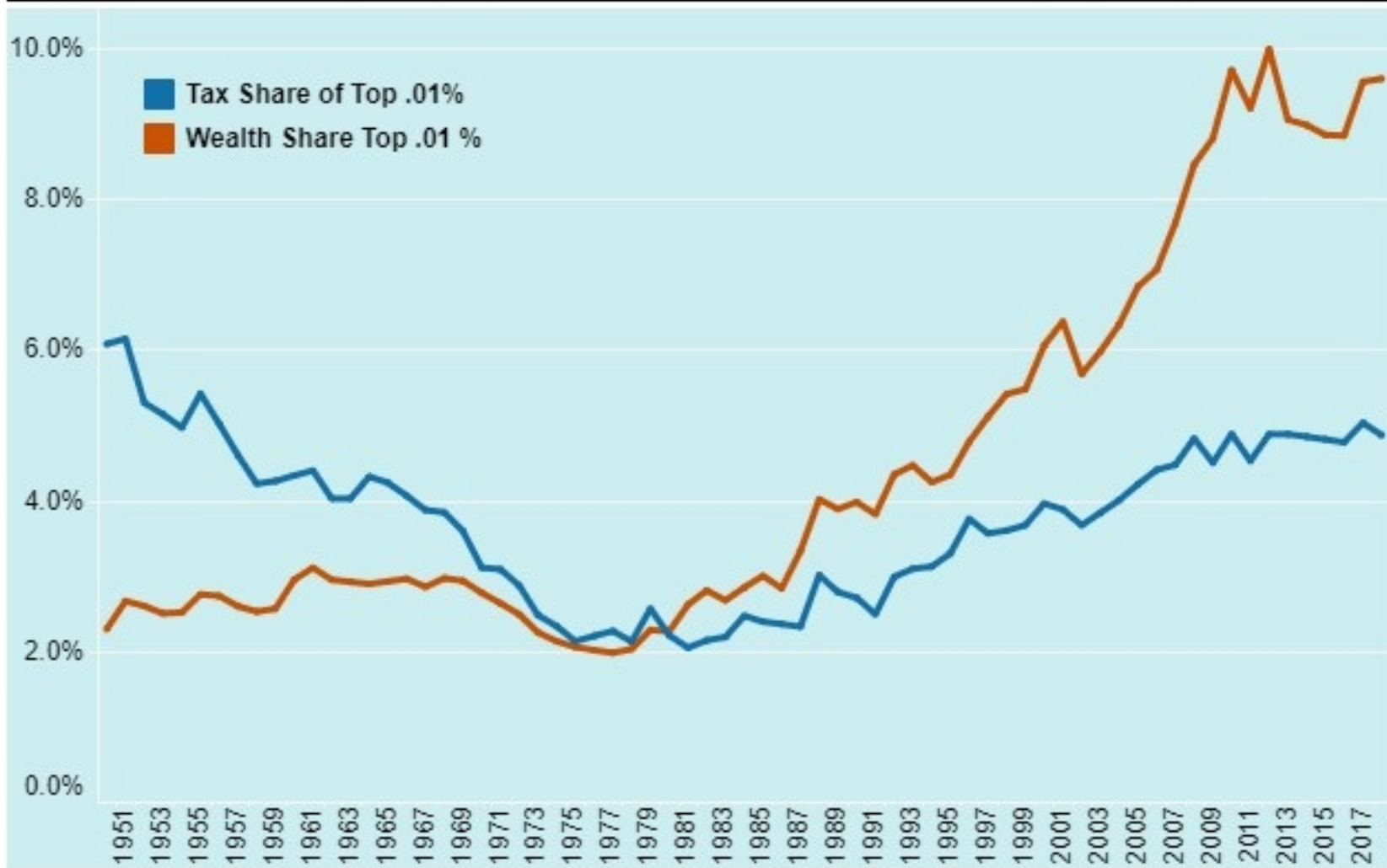


Note: The OECD average is the simple country average. Data refer to the share held by the richest 10% of households in the case of wealth; and by the richest 10% of individuals in the case of income. Numbers shown on bars are rounded.

Source: Organization for Economic Cooperation and Development (OECD), "Society at a Glance 2019: OECD Social Indicators."

APPENDIX

Share of total U.S. taxes paid by top .01% vs. share of total wealth owned by top .01%, 1950-2018



Source: IPS analysis of Saez, Zucman (2019) data

SOURCES

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