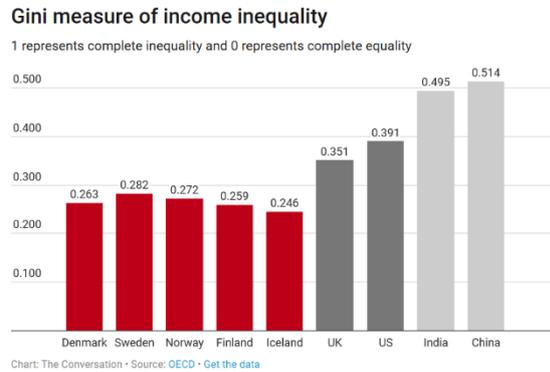


**Is it better for the world to be more equal or more wealthy?**

This question highlights our current global development issue: is money the means or at the cost of social development? In a narrower sense, this is also a question of morals. “Equal,” is defined as state of being equal, especially in status, rights, or opportunities<sup>1</sup> and wealthy is defined as having a great deal of money or resources<sup>2</sup>.

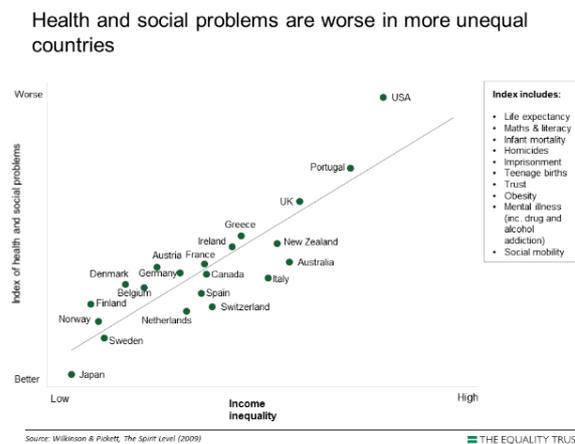
The notion that there’s a conflicting relationship between equality and wealth is flawed.

Nordic countries are examples of a more symbiotic relationship, as equality leads to a flourishing economy. They score highest on the Gini Coefficient whilst also following the capitalist neoliberal model for growth which is driven by financial markets and lack of government involvement. This has resulted in the Nordic countries to have a very high GDP per capita at \$51,999.<sup>3</sup>



Graph from: <https://theconversation.com/what-the-world-can-learn-about-equality-from-the-nordic-model-99797>

Increasing global equality means increasing access to healthcare or education for everyone which leads to a higher life expectancy and literacy rates thus, improving human capital, eventually feeding into economic equality, individual and national wealth. The graph demonstrates the positive correlation with higher income inequality correlating to worse health and social problems, which can lead to a less healthy or happy workforce and thus decrease economic output. Therefore, increasing equality is a vital part to increasing wealth.



Graph from: <https://assets.weforum.org/wp-content/uploads/2015/09/inequality.png>

Globalisation, for some, is the solution to increasing wealth and equality. Outsourcing in the short term is the very opposing force of equality as it can result in exploitation. Yet, it leads to more economic growth and therefore national wealth. Nike employs 40 times more manufacturing workers in Vietnam than in the US<sup>4</sup> because of the incentive to maximise

<sup>1</sup> Definition of equality <https://www.lexico.com/en/definition/equality>

<sup>2</sup> Definition of wealthy <https://www.lexico.com/en/definition/wealthy>

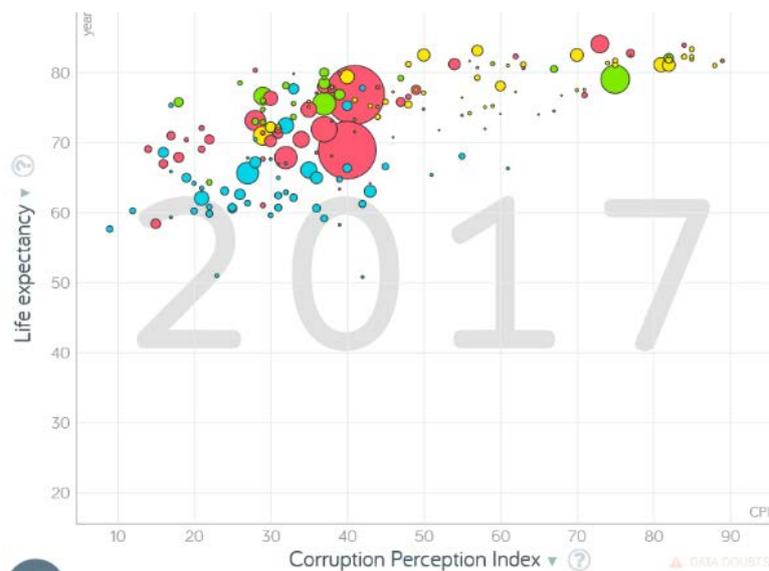
<sup>3</sup> Nordic Statistics 2018 <https://norden.diva-portal.org/smash/get/diva2:1257993/FULLTEXT01.pdf>

<sup>4</sup> How income inequality benefits everybody? Will, 25<sup>th</sup> March 2015 [https://www.washingtonpost.com/opinions/how-income-inequality-benefits-everybody/2015/03/25/1122ee02-d255-11e4-a62f-ee745911a4ff\\_story.html](https://www.washingtonpost.com/opinions/how-income-inequality-benefits-everybody/2015/03/25/1122ee02-d255-11e4-a62f-ee745911a4ff_story.html)

**Is it better for the world to be more equal or more wealthy?**

profits. Due to the positive multiplier effect, this economic growth can led to the TNC and country increasing in wealth due to these countries paying more in tax, and thus there is more government spending leading to more money spent on services and increasing equality. So, increasing global wealth can eventually lead to increasing equality. The trickle-down theory reinforces this concept suggesting that that tax-breaks for big companies will stimulate economic growth and boost individual standard of living in the long run. <sup>5</sup> It means increasing individual wealth can increase spending in other industries, triggering another positive multiplier effect, meaning growth in these industries, as well as more employment and government spending due to more from tax as the TNCs are earning more.

However, this theory when applied to context only causes equality on small and selective scales. Even the verb trickledown evokes inequality, as the idea that only drops of wealth are allowed to slip through into the hands of the poor suggests a flaw in the theory. Political barriers such as corruption prevent increasing global wealth leading to increasing equality. The graph shows the positive correlation between corruption perception and life



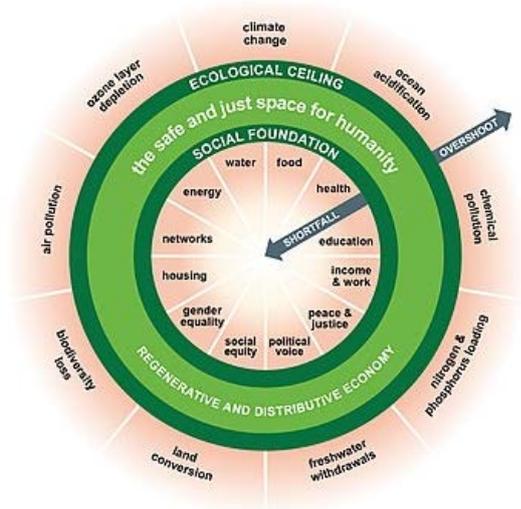
expectancy, suggesting that with a lower score on the perception index, the government is more corrupt and has failed to spend the adequate funds on social needs like healthcare, leading to a reduced life expectancy.

Graph

from: [https://www.gapminder.org/tools/#\\$state\\$marker\\$axis\\_x\\$which=corruption\\_perception\\_index\\_cpi&domainMin:null&domainMax:null&zoomedMin:null&zoomedMax:null&scaleType=linear&spaceRef:null;;&chart-type=bubbles](https://www.gapminder.org/tools/#$state$marker$axis_x$which=corruption_perception_index_cpi&domainMin:null&domainMax:null&zoomedMin:null&zoomedMax:null&scaleType=linear&spaceRef:null;;&chart-type=bubbles)

But, perhaps global equality isn't economically possible. Therefore, more global wealth may be a more credible option bringing us closer to equality. The economy is stimulated by differences in wealth. Our capitalist society relies on these differences of division of labour to complete tasks at the right price points for profit. Increasing global wealth can also help countries overcome physical and human barriers to equality. Economic development

<sup>5</sup> Trickle-down theory (resource) 14<sup>th</sup> July 2019, W. Kenton <https://www.investopedia.com/terms/t/trickledowntheory.asp>



### **Is it better for the world to be more equal or more wealthy?**

facilitates other types of development as without money, governments cannot afford the adequate equipment to prevent mitigate drought or healthcare as each country is physically different due to factors such as climate.

Although there are some physical factors that should not be removed with wealth. According to Kate Raworth's environmental ceiling , breaking through can result in negative consequences for our own environment, causing more economic and social challenges, usually felt by those most poor and vulnerable thus increasing inequality.

Diagram from: <https://www.kateraworth.com/doughnut/>

In conclusion, morally, it is better for the world to be more equal. The notion can get richer and more equal is sadly more of a fantasy than a reality. Yet, using Festinger's social comparison theory suggesting that there is an innate drive to evaluate ourselves,<sup>6</sup> and the fact that there will always be natural differences, trickle down theories that don't apply fully to our world; global equality can never completely be achieved. Yet I still believe the world needs to take the more equal direction to tackle the root causes of our problems as increasing wealth is only dealing with small scale issues rather than addressing the whole issues head on.

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<sup>6</sup> Social Comparison Theory in Psychology (article) K. Cherry 20<sup>th</sup> July 2019  
<https://www.verywellmind.com/what-is-the-social-comparison-process-2795872>