

BETA: House Of Life

Distribution Of Wealth & Income

by **Re PLICC**
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What Is Wealth & Income?

- Wealth is the abundance of **valuable resources** or material possessions.
- Wealth is also an accumulated **store** of possessions and financial claims. It may be given a monetary value if prices can be determined for each of the possessions.
- Income however is cash coming in on daily, weekly, monthly, or even annual basis; the financial income within a household. In a form of salary, royalties, investments or inheritance, interest on a savings account, dividends from shares of stock, rent, and profits.

What Is Distribution Of Wealth & Income?

- Distribution of wealth and income, is the way in which the wealth and income of a **household**, **nation** are divided among its population, or the way in which the wealth and income of **the world** are divided among nations.
- In economics, income **distribution** is how a nation's total GDP is spread amongst its population. Whereas wealth inequality is the unequal distribution of financial assets among a population. Income inequality
- In a household however, income re or distribution is how a breadwinner(s)'s total income is spread out, cut or divided amongst it's family members within a specific household.
- Lack of economical functional systems to ensure distribution and redistribution of wealth and income is achieved result to one particular problem, inequality; Income inequality refers to the extent to which income is distributed in an uneven manner among a population. Whereas wealth inequality is the unequal distribution of financial assets among a population. All these problems begin in a household and spreads out into our society.

Redistribution Of Wealth & Income

- Redistribution is also an economical term referring to the transfer of income and wealth (from haves to the have nots, incl. physical property) from some individuals to others by means of social mechanism: such as taxation, charity, welfare, public services, land reform, monetary policies, confiscation, attachments, divorce or tort law.
- The objectives are **to increase economic stability and opportunity** for less wealthy members of society, however this depends on type of the economic market; Japan's government for instance engages in much less redistribution because its initial wage distribution is much more equal than most economies.
- Two common types of redistribution of income are subsidies and vouchers (such as food stamps). These transfer payment programs are funded through general taxation to benefit the poor but also the most important aspect of redistribution of income is distributive justice, whose premise is that money and resources ought to be distributed in such a way as to lead to a socially just and a more egalitarian society.

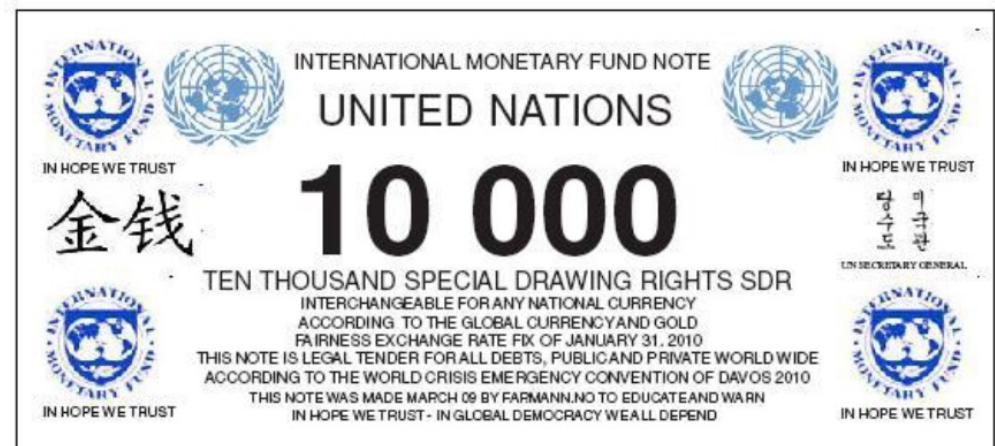


World

-The World-

IMF: International Monetary Fund

- The IMF created what is called SDR's in 1969 reforming the international monetary system as means to combat lack of liquidity and balancing of costs in global settlements, trade and distribution.
- SDR: **Special Drawing Right**
- The SDR is an international reserve asset (not an official intl. currency as yet), it was created to supplement its members countries' official reserves as a **supplementary reserve asset** which is traded by central banks.
- SDR's provide liquidity for global transaction settlements when gold (US Dollar) is scarce in supply.
- As of March 2016, US\$285 billion has been allocated to certain member countries. SDR can be exchangeable freely to "usable" currencies.
- As of October 1, 2016 the value of the SDR is based on a **basket of five "usable" currencies and their respective weights**:-
 1. The U.S Dollar **41.73%**
 2. The Euro **30.93%**
 3. The Chinese Renmimbi (RMB) also called Yuan **10.92%**
 4. The Japennese Yen **8.33%**
 5. And Pound Sterling **8.09%**



The Role Of SDR

- SDR was created under the auspices of the IMF in the context of the Bretton Wood fixed exchange rate system because gold (US Dollar) proved inadequate for supporting the expansion of the world trade and financial flows of today.
- To participate as country you need to create official reserves (governmental or central bank holdings of gold and widely accepted foreign currencies.)
- Widely foreign currencies mean a maintained exchange rate; in other words that your currency can be used to purchase your domestic currency in foreign exchange markets.

拾

SINGLE GLOBAL CURRENCY

”

\$



¥

£

€

1010

COMMON CENTS FOR THE WORLD

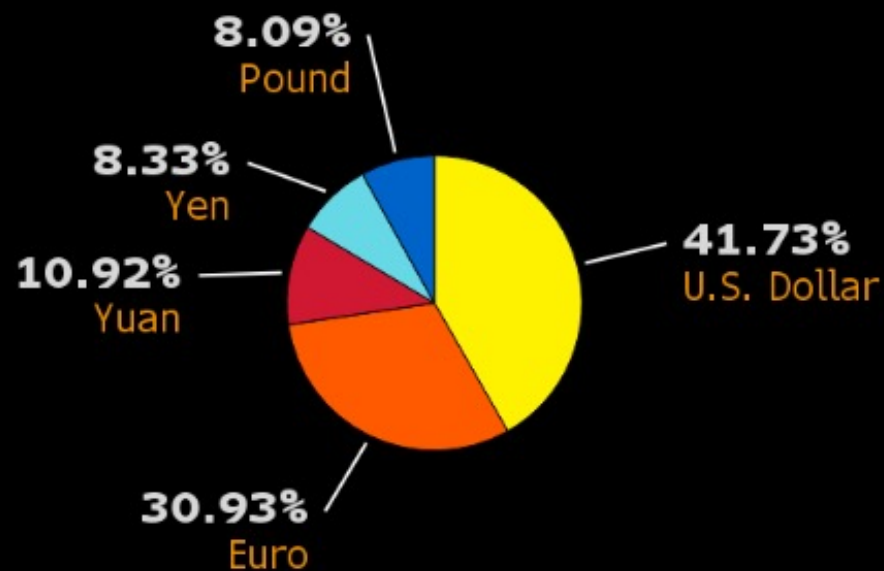
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Basket Of Currencies Valuing The SDR


- Initially before the collapse of the Bretton Wood system in 1973; the value of the SDR was equivalent to 1 USDollar but was then redefined as a ***basket of currencies***, under the five currencies mentioned in slide 4.
 - The value of the SDR is determined daily calculated as the sum of specific amounts of each basket currency valued in US Dollars, on the basis of exchange rates quoted at noon each day in the London market.
 - The basket composition is reviewed every 5 years by the executive board. For example in the most recent review of Nov 2015, this executive board decided that effective of October 1, 2016, the Chinese renminbi is determined to be freely usable and was included in the SDR basket. The next review is scheduled to take place by September 30, 2021.
 - A new weighing formula was also adopted during this recent review; ***a formulae which assigns equal shares to the currency issuer's exports and composite financial indicator.***
- (a) The financial indicator comprises,
- In equal shares,
 - Official reserves denominated in the member's (or monetary union) currency that are held by other monetary authorities that are not issuers of the relevant currency,
 - Foreign currency turnover in the currency, and
 - The sum of the outstanding international bank liabilities and international debt securities denominated in the currency.
- (b) The inclusion of the Chinese RMB means that there will be a built up in demand for it just as currently is for the other 4, as central banks tend to match the currency holdings to the baskets weightings (as seen in slide 4.)
- (c) Central Banks around the world should have adjusted their aggregate holdings of the RMB to its new weighing of 10.92% of their portfolio; US\$11.6 trillion of reserves globally, that equates to US\$1 trillion worth of the RMB being held in central banks globally.

Yuan Joins the Big League

The yuan will have the third-largest weighting in the IMF's Special Drawing Rights basket



Source: IMF

Bloomberg 

Global Distribution & Exchange

- The Inclusion of the Chinese RMB in the basket of “usable” currencies has been labeled a the largest transformation of the global monetary order since WWII.
- IRBD: The International Bank For Reconstruction and Development - one of the five institutions under the World Bank Umbrella. This institution would now sell nearly US\$3 billion worth of SDR **denominated bonds or securities** in both the official and private portfolios - in the currency of the Chinese yuan as the settlement currency.
- It is now up to the central bankers if they can convince the financial world of the benefits of scuttling the dollar reserve system in the next couple of years.
- The Offset of the new world order globally administered currency. “*This is the first step toward **one world currency***”, said the Epoch Times.
- “*The SDR has the feature and a potential to act as a super-sovereign reserve currency*”, said Zhou Xiaochuan -governor of the peoples bank of China.



National

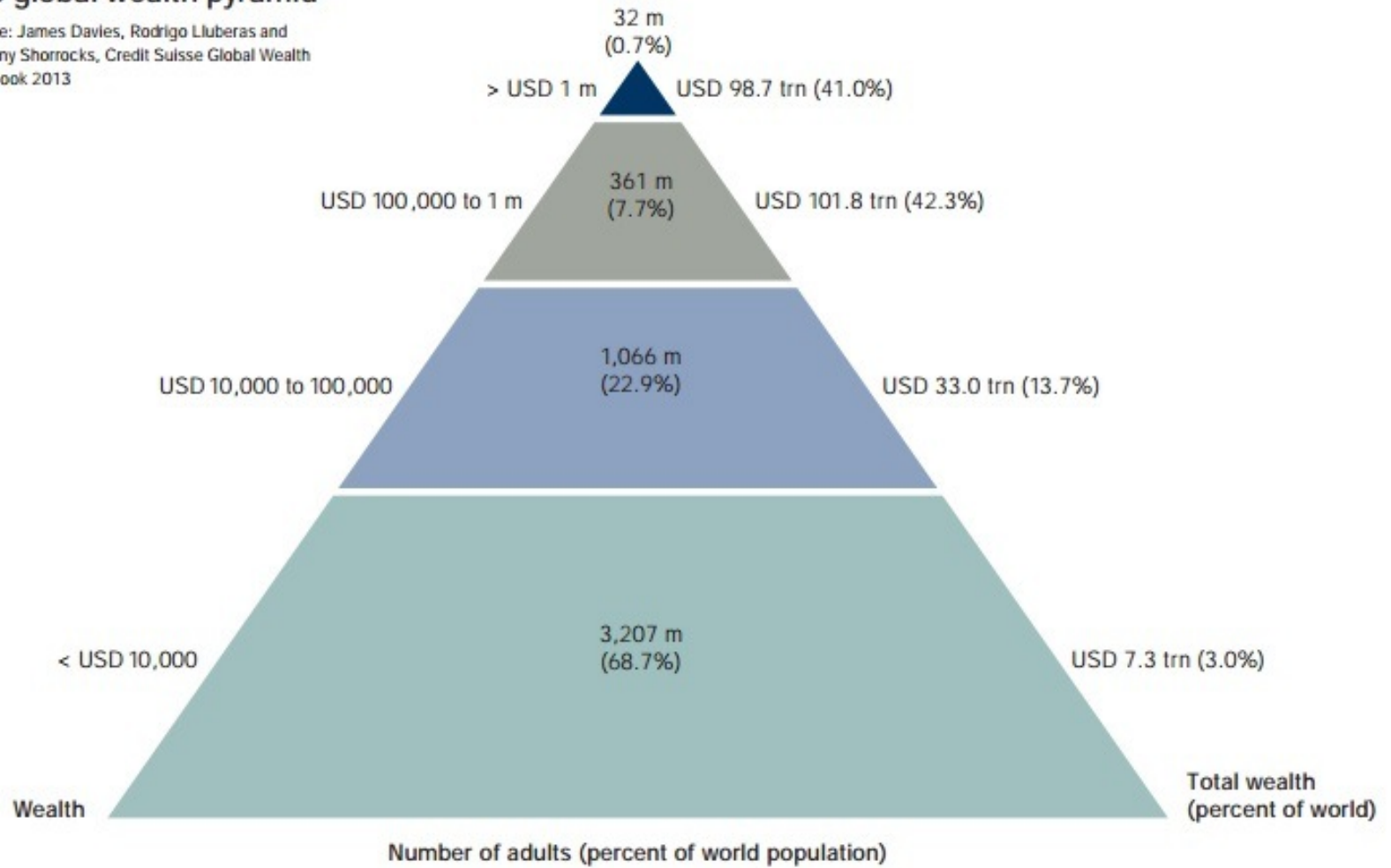
National

-Think global, act local-

- Globalization brings opportunities and threats to individuals and national firms.
- Globalization and automation have weakened the position of workers and their ability to secure a decent wage. Globalization creates inequalities. To minimise this problem can be achieved by creating local markets which make internet freely accessible to all it's citizens (at least for 3hrs per day) thus increasing information sharing, gov incentives, subsidies, reduced or 1 year no taxes policy for new beginning talent in business and through encouraged education and innovation.
- Innovation is stagnant in many nationalities as talents spend too much time of their careers shifting money in the financial sector instead of applying their talents to innovating the real economy nationally.
- Inequalities diminishes upward mobility. When the ladder is stickier, it makes it harder to move up and the rich gets more richer, making the gap harder to close. Solution is not abandoning one world order and go back to middle ages but to forge forward in a manner that knowledge gets more accessible to all people because it is the people who innovate new ways to create new markets that works for a nation.
- National policies including the **welfare policy** have become more and more outward-looking.

The global wealth pyramid

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2013



National Income Distribution

- A large proportion of public spending is motivated by the desire to help the poor - in the case of income redistribution. This is because the free market system may result in considerable income inequalities, thus gov intervention may be desirable as a means of securing social **solidarity** to secure faster and suitable sustainable development ensuring growth.
- The gov intervention instruments being tax, subsidy incentives, regulations or direct state provision.
- Basically national economics seek to improve **society's material welfare**.
- The fundamental problems to market failure are as follows;
 1. Monopoly power
 2. Externalities
 3. Public goods
 4. and lack of information

Society

- The value judgements underlying modern economics are derived from a philosophy of **individualism and liberalism**.
- Individualism is the **utility** every individual attains, and that the utility of each individual should be given an equal weight.
- Liberalism signifies that individuals should be free to decide what provides the greatest utility.
- However it is important to distinguish between utility and income. The total utility in society is maximized when income is distributed perfectly evenly or at least aim to.
- The size of the cake to be distributed may be affected by how the cake is sliced. The slicing patterns represents the egalitarian or equity factor and size of the cake stands for the second major criterion of economics judgement.
- In reality society should give the utility of the poor greater weight than the utility of the rich on grounds of need, regardless of fine points about diminishing utility...meaning that the utility of the worst-off individual takes precedence over all others, yet ensuring ways that the incentives to work are not reduced, human resources not wasted and productive investment is maximized.
- Inequalities in distribution are also found in societies comprising of the small number of the extremely wealthy, against a background of a very broad well-off middle class and little absolute poverty.

National Income, GNP & GDP

- The three key elements in the national account totals: national income, gross national product (GNP) and gross domestic product (GDP).

1. Employees' compensation	
2. Income of self-employed	<i>incl. pay before income tax and employees's social tax contributions. 60% of national income</i>
3. Corporates profits	
4. Rent and Interest	
<i>National Income</i>	<i>the sum of the above</i>
5. Indirect taxes (+) less subsidies (-)	
Net National Product at Market Prices	
6. Capital depreciation	
<i>Gross National Product (GNP)</i>	
Net payments (+)/ Receipts (-) of income from abroad	
<i>Gross Domestic Product (GDP)</i>	<i>The final GDP is GNP + income earned by non residents inside the national territory - income earned by nationals abroad</i>

Washington DC - Economy Policy Highlights

Slide 1

Economist 08/Oct/2016 Barack Obama - "The Way Ahead"

America's president writes about four crucial areas of unfinished business in economy policy that his successor will have to tackle:

1. Boosting Productivity Growth
2. Combating Rising Inequality
3. Ensuring that everyone who wants a job gets one
4. And Building A Resilient Economy That's Primed For Future Growth.

Washington DC - Economy Policy Highlights

Slide 2

Economist 08/Oct/2016 Barack Obama - “The Way Ahead”

“America has enjoyed the fastest productivity growth in the G7 (US, Canada, Japan, Germany, France, Britain, Italy), but it has slowed across nearly all advanced economies. Without a faster-growing economy, we will not be able to generate the wage gains people want, regardless of how we divide up the pie.” - Barack Obama

*Economist have listed many causes for the rise of inequality: **Technology, education, globalisation, declining unions, and a falling in minimum wage.***

...but I believe that changes in culture and values have also played a role....Economies are most successful if we close the gap between rich and poor and growth is broadly based. This is not just a moral argument research shows that growth is more fragile and recessions more frequent in countries with greater income inequalities; concentrated wealth at the top means means less of the broad based consumer spending that drives the economy.” - Barack Obama

Central Banks & National Economical Stability

Central banks should be largely independent of political control, though gov commitment is vital.

- **Euro** area :- Price stability is the primary objective of the European Central Bank. The bank has defined price stability as a year on year increase in the harmonized index of consumer prices for the euro area of below 2%. neither price increase persistently above 2%, nor price declines, could be deemed consistent with price stability. In 2003, the ECB respecified the target as medium-term inflation below but close to 2%.
- The **US**:- The mandate of the federal reserve system was most recently defined in the Humphrey-Hawkins Act, passed by Congress in 1978. The Act requires the Fed to maintain long-run growth of the monetary and credit aggregates commensurate with the economy's long-run production potential so as to promote effectively the goals of maximum employment, stable prices and moderate long term interest rates. The Federal Bank does not offer quantitative definition on price stability.
- **UK**:-The bank of England Act 1988 also defines the objectives of the Bank as being to maintain price stability. But the Chancellor of the Exchequer, not the Governor, determines the operational expression of the price stability target. Since Dec 2003, the target has been specified as an underlying inflation rate of 2% in consumer price index. Deviations of more than 1% either direction will require special notification to the Chancellor.
- **Japan**:- The new bank of Japan law was passed by the Diet in June 1997. The objective of monetary policy under the new law is, to contribute to the sound development of the national economy through the pursuit of price stability. They have no explicit inflation target and been since under pressure to introduce one in order to trigger more forceful action against current inflation.
- **China**:- ...

Examples Of Patterns Of Distribution

- The Pareto distribution, named after the Italian economist Vilfredo Pareto, is a power law probability distribution that is used in description of social, scientific, geophysical, actuarial, and many other types of observable phenomena.
- A normal distribution is usually regarded as having short tails, while a Pareto distribution has long tails. Even in the relatively simple case of a mounded distribution, the distribution may be skewed to the left or skewed to the right (with symmetric corresponding to no skew).





HOUSEHOLDS

Households In The Market

- Household are in the center of the economy, they either strengthen or weaken the economical wheel.
- Households should be assisted by gov and private sector to attain large income gains and eliminate poverty. Large income gains and or poverty are felt most by households, that's where real economy hit home.
- Economies are more successful when we close the gap between the rich and the poor and growth is broadly based.

Household size



1911
4.5



2011
2.6

Sharing

U-"Kwaba" -in Zulu

- Sharing is a joint use of resources or space.
- Sharing is the central force that holds together the ideology of income and wealth re or distribution because it is the **process** of diving and distributing.
- Sharing is a basic component of human interaction, and is responsible for strengthening social ties and ensuring a personal well being.
- Sharing refers also to a joint or alternating use of a common pasture such as a **household**.

e.g. as microcosms when we take take nutrition or oxygen, our internal organs are designed to divide and distribute the energy taken in, to supply parts of our bodies that need it. Also flowers divide and distribute their seeds. Information is also shared among a population as we are doing in this presentation.

- Share in the market is the full or proper portion or part allotted or belonging to or contributed or owed by an individual or group. Or one of the fractional parts in which the capital stock of a joint-stock company is divided. In strategy also we find shared values.
- Origins of the word share (english) is *scearu* (fork of the body), or noun cutting and division. partake, participate to join with others. deal out, lot, quota, allotment, allocation and contribution.



TWO MALE HEADS OF HOUSEHOLD



TWO FEMALE HEADS OF HOUSEHOLD



FEMALE HEAD OF HOUSEHOLD



MALE HEAD OF HOUSEHOLD



FEMALE AND MALE HEAD OF HOUSEHOLD



Agreements & Contracts

- Sharing economy also referred to as “access economy” is achieved by agreements and contracts between persons.
- The business environment is full of agreements between businesses and individuals or business to business. It's part and parcel of organisation of affairs.
- Written contracts provide individuals and businesses with a legal document stating the expectations of both parties and how negative situations can be resolved.
- As we share in the economy contracts require *utmost or good faith*, for insurance, partnerships, employment, agencies etc. However when it comes to sale of goods, lease transactions and trade practices, a warranty of merchantability and fitness for a particular purpose, and in the case of homes an implied warranty of habitability is obtainable depending on national requirements.
- A contract begets contracts; contracts open doors which money alone cannot, as they represent a tool that individuals and companies use as assurance or to safeguard their resources and extend to other agreements or contracts thus creating opportunity for growth.

Benefits Of Household Income Distribution

- Effective distribution of wealth and income begins with the Individual(s) inside a particular household:
 - A. Overall, it creates a sustainability and durability consciousness which feeds well to national sustainable development,
 - B. Establishes a wise healthy sharing mentality (consciousness),
 - C. And preservation mentality(consciousness).
- Household income, an indicator of **social class**, can also indicate what religious denomination a person is likely to embrace due to it's linkages to human consciousness.
- Salary alone only measures the income from a person's occupation, while total personal income accounts for investments, inheritance, real estate gains, and other sources of wealth.
- Household incomes are used to inform **welfare policy**, as benefits are distributed based on expectations about what income is needed to access basic resources like food and healthcare.
- In a dual-income household the combined income of both earners, even if they hold relatively low status jobs, can put the household in the upper middle class income bracket.

Example Of Monthly Household Income Distribution

Single Earner: upper middle income family - (not limited to)

+/-€84000 p/a excl investments, assets & liabilities

SUMMARY BY CATEGORY

Category	Budget
Auto	€200.00
Entertainment	€200.00
Food	€350.00
Home	€2,200.00
Medical	€100.00
Personal Items	€300.00
Vehicles & Travel	€2,000.00
Utilities	€100.00
Spouse	€450.00
2 Children	€100.00
Savings	€1,000.00
Total	€7,000.00

Household Budget, when honestly fed, improves economic growth and unlocks fair and empowering sharing

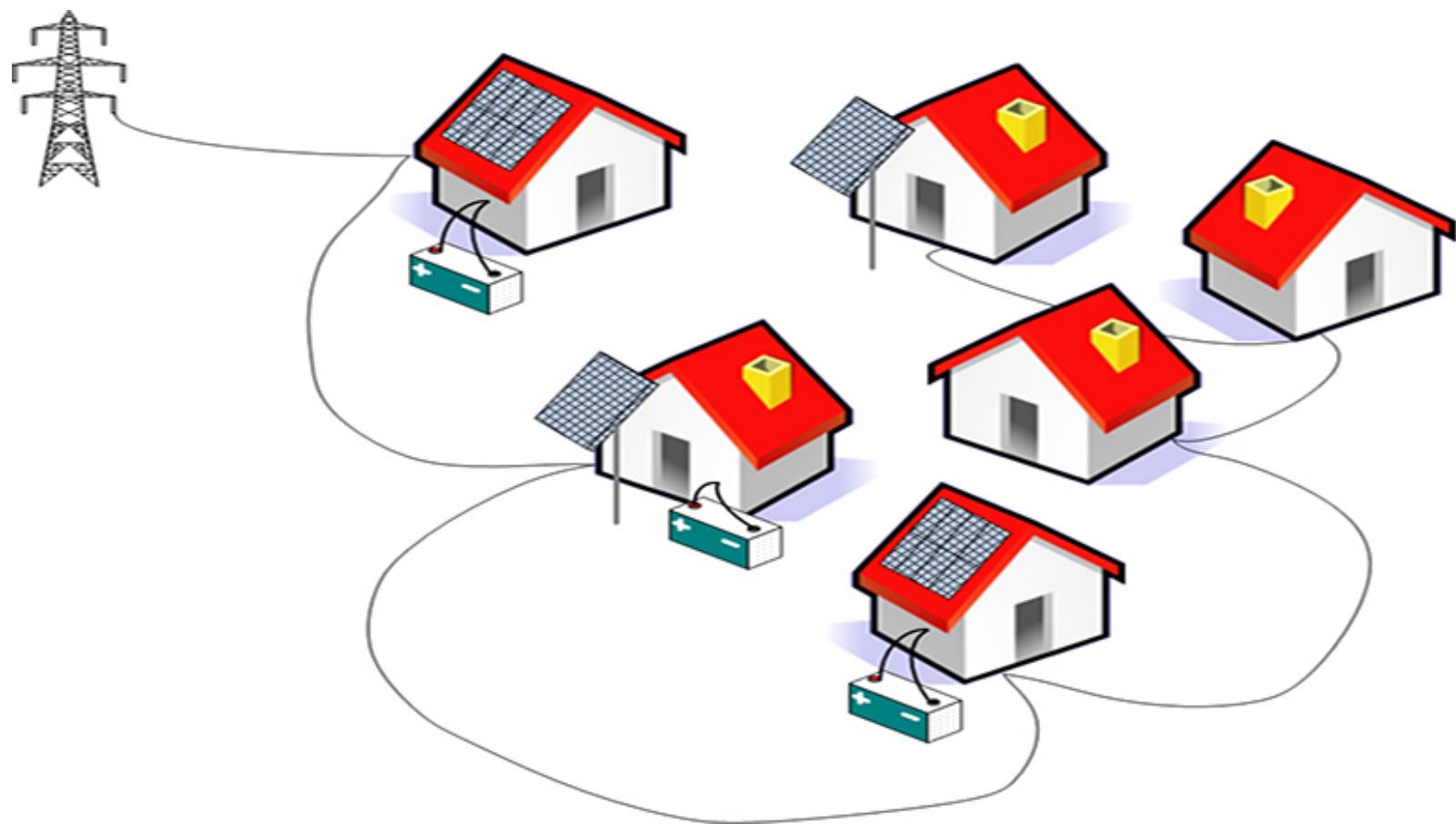
Draw Backs From Lack Of Proper Household Income Distribution

The main draw back is poverty; **poverty is the condition of not having access to material resources, income, or wealth.**

Traditions or customs that perpetrate or cause poverty especially to women;

*In Africa for an example: Lobola is paid towards a woman's family. Lobola is a dary paid towards the bride which is not a common or standardise figure and is often a lot of money that some man can hardly afford. The physiological implications of that goes beyond what can be easily interpreted especial towards the couple; the man who has just bought himself a wife and to the woman who has just been bought. Women often stay home (either forced or by choice after this traditional transaction) and not work which ultimately reduces household income. The woman herself is not fully utilizing her brain, talent or skills which also reduces the GDP nationally. In such cases many do not have enough resources to do a white wedding and they opt not to sign either with the court for the marriage contract, hoping that they will eventually gather enough money to wed, yet 5, 6 to almost 10 years go by, children are produced and nothing covers the man nor the woman under a marriage contract. The man is deceased and the woman is left behind having to fight the in laws for the will of her partner, since she stopped working she is in no position to afford a lawyer and she is eventually left to start afresh from nothing with her children. That household moves from middle class to low income household or poverty status, and so on it goes. Poverty which man made influenced by traditions and outdated customs that benefits nobody in a long term. **Globalization** forces all human beings from each and every country or continent to evaluate constantly their traditions and customs to enhance a better living for ourselves and for our children.*

To partner and or to marry shouldn't cost anything towards the starting couple because that brings about too much unnecessary pressure which instigate failure of the union, ...because over and above what the new partnership in itself demands money should not be the factor. The start often determines the longevity of that partnership. The start should be based on on commitment, trust and love; 3 aspects, not money because money will be a consisting factor as the couple grow, to minimise that increases opportunities to create a strong foundation for a successful partnership.



Conclusion

Redistribution & Distribution

- Wealth and income inequality are a cause of economic crises and reducing these inequalities is one way to prevent economic crises and reduce a number of social ills emanating from it, with proper redistribution and distribution we are able to ignite real opportunities for all people.
- Inequality begins in a household and spreads out into our society. When we have achieved good income and wealth distribution in each and every household we will begin to see any type of market (whether capitalism nor socialism or mixed markets regardless), reach a highly effective and healthy economies worldwide. Organized religion and culture will be the main resistance in expediting the process.



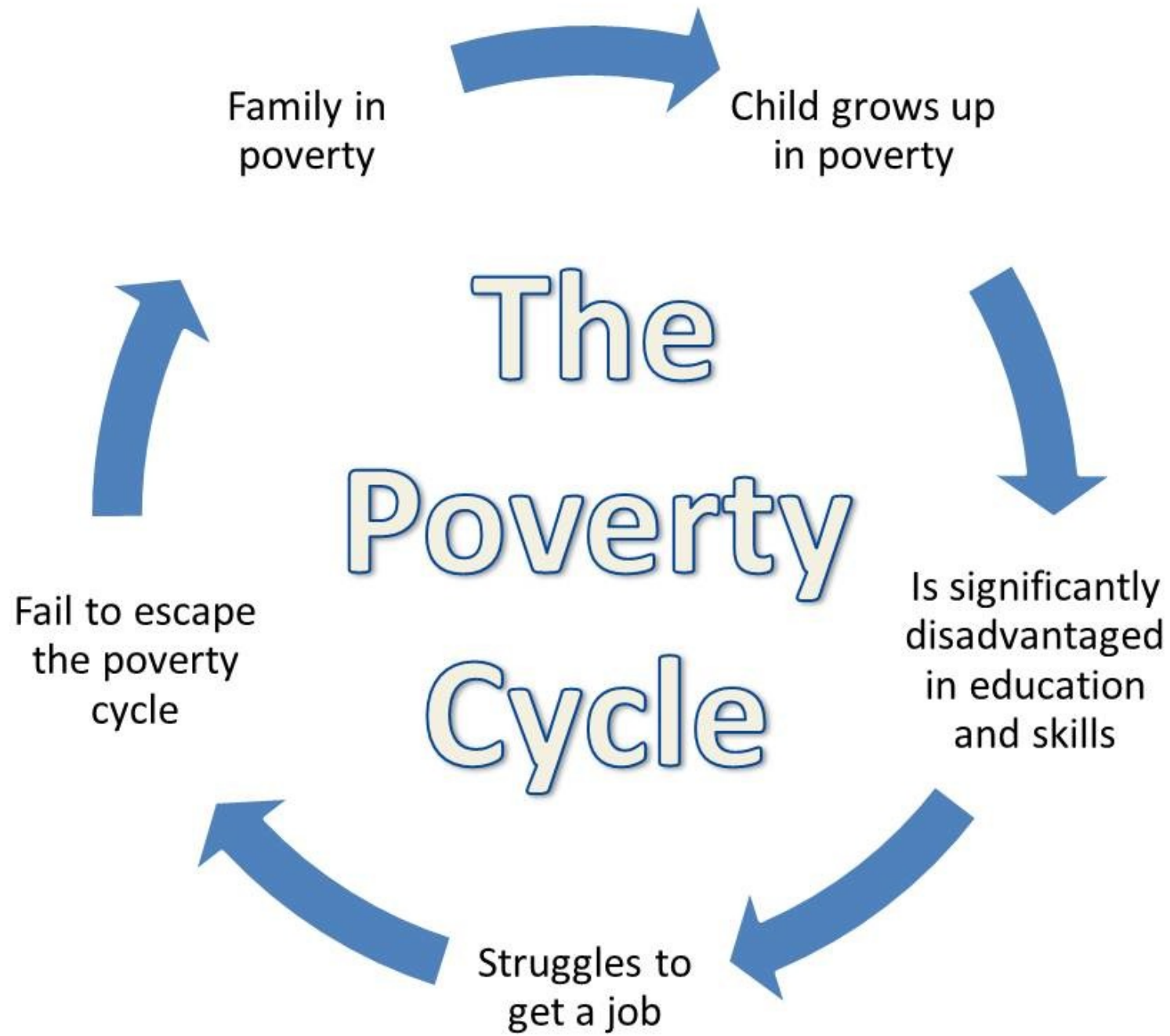
GENDER, RACE AND POVERTY

addressing multiple identities through law



The Feminization of Poverty

- Feminization of poverty is a cultural consequence which often begin at home. This trend is not only a consequence of *lack of income*, but also of lack of opportunities due to gender biases and fixed gender roles in some societies.
- Though *low income* is the primary cause of female poverty, there are many interrelated sources of this problem.
- Lack of income deprives women of basic needs, such as food and shelter, and limits their opportunities for advancement.
- Poor health may also reduce women's ability to earn income, and, thus, is a key factor increasing and **perpetuating household poverty**.
- Microcredit, a system of providing small loans to individuals and families in impoverished areas in an attempt to reverse the cycle of poverty, is almost always distributed to women.



Greenhouse Gases

- Worldwide, net emissions of greenhouse gases from human activities increased by 35 percent from 1990 to 2010.
- Emissions of carbon dioxide, which account for about three-fourths of total emissions, increased by 42 percent over this period. The majority of the world's emissions result from electricity generation, transportation, and other forms of energy production and use.
- Africa has the world's lowest CO₂ emissions. Climate change is now recognized as an equity issue because the world's poorest people, those who contributed least to the atmospheric buildup of greenhouse gases, are the most impacted and the least equipped to deal with the negative impacts of climate change.
- Climate forcing refers to a change in the Earth's energy balance, leading to either a warming or cooling effect over time. An increase in the atmospheric concentrations of greenhouse gases produces a positive climate forcing, or warming effect.
- The link between climate change and sustainable development stems from the fact that climate change is a constraint to development, and sustainable development is a key to capacities for mitigation and adaptation.

- Climate change could decrease mixed rain-fed and semi-arid systems, particularly the length of the growing period, e.g. on the margins of the Sahel.
- Some assessments show increased water stress and possible runoff decreases in parts of North Africa by 2050. While climate change should be considered in any future negotiations to share Nile water, the role of water basin management is also key.

North Africa

- Rainfall is likely to increase in some parts of East Africa, according to some projections, resulting in various hydrological outcomes.
- Previously malaria-free highland areas in Ethiopia, Kenya, Rwanda and Burundi could experience modest changes to stable malaria by the 2050s, with conditions for transmission becoming highly suitable by the 2080s.
- Ecosystem impacts, including impacts on mountain biodiversity, could occur. Declines in fisheries in some major East African lakes could occur.

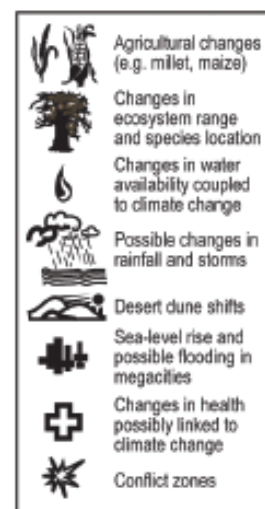
East Africa

West and Central Africa

- Impacts on crops, under a range of scenarios.
- Possible agricultural GDP losses ranging from 2% to 4% with some model estimations.
- Populations of West Africa living in coastal settlements could be affected by projected rise in sea levels and flooding.
- Changes in coastal environments (e.g. mangroves and coastal degradation) could have negative impacts on fisheries and tourism.

Southern Africa

- Assessments of water availability, including water stress and water drainage, show that parts of southern Africa are highly vulnerable to climate variability and change. Possible heightened water stress in some river basins.
- Southward expansion of the transmission zone of malaria may likely occur.
- By 2099, dune fields may become highly dynamic, from northern South Africa to Angola and Zambia.
- Some biomes, for example the Fynbos and Succulent Karoo in southern Africa, are likely to be the most vulnerable ecosystems to projected climate changes, whilst the savanna is argued to be more resilient.
- Food security, already a humanitarian crisis in the region, is likely to be further aggravated by climate variability and change, aggravated by HIV/AIDS, poor governance and poor adaptation.



Average Monthly Spend on Household Energy



A 55% increase

*“Wealth & Income Distribution is the middle ground of the economy, and economics is founded on this philosophy.
let’s ensure therefore that our philosophies are based on four key items;
individualism, solidarity, liberalism and basics human rights for all.”*

–Re PLICC