Caribbean Community and Common Market (CARICOM)

Implementing programs to promote equal distribution of wealth within the Caribbean single market

Research Report

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Fake news

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Issue:	*Fighting trans-Caribbean drug trafficking*
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Introduction

The Caribbean is located southeast of the Gulf of Mexico and the North American mainland, east of Central America, and north of South America.[1] Latin America and the Caribbean continue to be the regions with the highest inequality in the world.[2] Although the first decade of this century showed progress on reducing poverty and income inequality. Financial inequality is not generated on its own. It is the direct product of multiple other inequalities such as those regarding gender, race, and ethnicity. These inequalities find their origin deep-rooted in societal beliefs and are not easily influenced by the government. Latin America has struggled with wealth inequality in the past, especially during times of crises. If their GDP dropped by 5% in a crisis, wages could drop around 10-20%. As a result of COVID-19, employment rates have dropped by 3-5 percentage points and inequality has risen. The strict government-imposed quarantine and restrictions have disproportionately affected the lower class. The income inequality is not only seen in class differences. But also between males and females. In 2020, a woman earnt 87 cents for every dollar a man made. Deeply rooted social norms also exclude women from the top executive jobs. Racial inequality is also very present in the Caribbean. Often the citizens of African descent make around 17% less money than the rest of the population and indigenous citizens make around 27% less. Although the Caribbean countries have lower inequality in general than other countries of similar sizes. They still lag behind developed countries in the Organization for Economic Co-operation and Development (OECD). Income inequality in the Caribbean is especially segregated by socioeconomic status. Making it even harder for the lower classes to work their way up. The Caribbean countries have made previous and successful attempts to shrink the wage gap in 2000-2013, during the commodity boom. Having lowered poverty rates by almost 50%. Additionally the top 10% of citizens made 22 times as much as the bottom 10% in 2018, as compared to 49 times in 2000.

[1] https://en.wikipedia.org/wiki/Caribbean

[2] https://www.unicef.org/lac/en/gender-equality

However, poverty is not the main cause for wealth inequality. It is the inequality of their people. For a smaller nation such as the ones in the Caribbean it is difficult to lower the wealth inequality in their country due to deep-rooted social norms not being easily changed in lower populations.

Definition of Key Terms

Inequality

Difference in size, degree, circumstances, etc.; lack of equality.

Caribbean:
The region consisting of the Caribbean Sea, its islands (including the West Indies), and the surrounding coasts.

Colony

A colony is a territory subject to a form of foreign rule.

Cronyism:

The appointment of friends and associates to positions of authority, without proper regard to their qualifications.

General Overview

The Caribbean

The Caribbean is the most northern region in Latin America. Latin America, while it is not particularly well known for its wealth inequality, has struggled with closing the wealth gap for a while. The Caribbean is no exception to this. Two decades ago many Caribbean nations saw a reduction in poverty levels. With poverty levels dropping by more than half, things were looking good for equality in the Caribbean. Since 2014 however, they have not made remarkable progress in closing the wealth gap even further. In 2020 when the COVID-19 pandemic hit. The Caribbean was struggling economically and this has reflected back in their wealth equality. with poverty rates dropping further and inequality rising it is critical for the Caribbean to make strategic adjustments to try and close the wealth gap and fight inequality

Importance of equality

Financial equality is a major factor in deciding a country's economic success. Countries with low equality tend to have low economic growth. Less financial equality stunts the development of a country. Lower income citizens being unable to afford anything outside of necessities while having to work hard to earn their low income can also cause dissatisfaction with the government or with the job market amongst these lower class citizens. These struggles can lead the individuals to a life of crime for financial reasons.

Issues with solving inequality

Financial inequality is not completely in the hands of the government. Many reasons for financial inequality are rooted in the society itself. Some cultures have had a prominent and culturally significant class system for the majority of their history and the ideas of these classes. With the societal foundation for these traditions usually not being as prevalent in modern society as they used to be, the citizens still can find it difficult to lay off these traditional beliefs that have been so significant throughout their history. And it is close to impossible for governments to change these morals. Two of these deep-rooted beliefs are sexism and racism. Which can both in turn cause even more financial inequality.

Racial inequality

Racism is present in all countries. Most notably in Latin America. In the 18th century up until the mid 19th century, European colonisers were bringing slaves from Africa to Latin America. While slavery has been abolished in Latin America for almost two centuries now, racism, especially towards darker skinned individuals and the indigenous people of the Caribbean, is still very present. This has caused a lot of racial inequality in the Caribbean countries. With darker skinned individuals and indigenous people being treated worse than those with a lighter skin colour. This racial discrimination also takes place in the job market. Those with darker colour of skin or showing indigenous traits have a more difficult time finding a job. A citizen's nationality or skin colour can heavily affect their income. With citizens of African descent earning 17% less on average, and the Indigenous people earning around 27% less.

Gender inequality

Sexism is one of the if not the oldest inequalities of humankind. Having been around since prehistoric times. With women in ancient times having little to no rights not being allowed to control any finances at all, or only with permission from her husband. In the 18th century this began to change. The Age of Enlightenment brought many new world views to light. At that moment began the struggle for women's rights. Moving them from at first being little more than their husband's property to being legally considered equal to men and having the same legal rights in most countries. In reality it has been difficult for society to truly see women as equals to men. Women are in a legal sense equal to men, but in society they are still usually treated as being inferior to men. This is also true for women in a workplace. Women are sometimes not given a job, worse job offers, given less promotions and sometimes even plainly paid less for the same job as a man with the same qualities relevant to that job.

Sexuality based inequality

LGBTQ+ lifestyles are often unrecognised or even illegal in many countries in the Caribbean, with the few countries having it legalised being (partially) part of the UK, France, or the Netherlands. In many countries in the Caribbean, with some where it is legalised, especially male-on-male homosexuality is still frowned upon. This has caused those who are openly homosexual to be disadvantaged in society, with them being employed less or them being hate-crimed because of their sexuality. In some cases coming out as a homosexual has gotten a person fired. Sexuality based inequality is a part of the social inequalities in the Caribbean and therefore is one of the causes of the wage gap and financial inequality in the Caribbean.

Major Parties Involved

World Bank

The world bank makes reports on a large variety of financial matters. Including those of financial inequality and the wealth gap. The World Bank has made reports on what is happening in the Caribbean regarding the wealth inequality.

Dominican Republic

With half of their population still below the poverty line. The Dominican Republic is amongst the higher ranking countries in the world regarding income inequality. Even though the Dominican Republic has seen economic growth in the last decades. The country has not made the necessary changes to let this growth reduce inequality. The Dominican Republic has had a low quality of democracy in their country and although it has made great strides to solve this issue. Many citizens are not aware of their rights and the countries politics involve a great deal of cronyism.

Costa Rica

Income inequality in Costa Rica is very high by international standards. Contrasting with the other countries in the Caribbean it has risen in the last few years. This is not because of labour income inequality. But because of labour force participation. Costa Rica has a high amount of unemployment and this is more prevalent in lower income groups.

Timeline of Events

13.03.1912 Gini coefficient invented

10.12.1948 Universal Declaration of Human Rights created

xx.xx.2000 Commodity boom begin

xx.xx.2014 Commodity boom end

Past Attempts To Solve The Issue

Many times when speaking of wealth inequality in the Caribbean, Latin America is involved when attempting to solve the issue. Many of the results you will get when searching for said attempts will for a part or for a big part be relevant for Latin America and less so for the Caribbean. This could mean that solutions for specifically the Caribbean are even more dire for this exact reason, for they are always sharing the spotlight with Latin America.

Some organisations besides the UN have showcased an interest to solve this ongoing issue in the Caribbean, however many are mere speculations, theories and observations rather than objective and concise solutions.

A couple of organisations currently working towards a more equal Caribbean and/or spread awareness and provide information are:

The International Fund for Agricultural Development (IFAD),

The International Monetary Fund (IMF),

UN affiliated organisations (or the UN itself).

The IMF has an extensive document detailing the struggles of overcoming wealth inequality and sketches the situation in the Caribbean well. It is also exclusive to the Caribbean and not a shared document about Latin America as well:

Income Inequality in Small States and the Caribbean: Stylized Facts and Determinants by Meredith Arnold McIntyre, Pablo Bejar, Takuji Komatsuzaki and Mauricio Vargas.

UN Involvement, Relevant Resolutions, Treaties and Events

Specifically the United Nations Development Programme (UNDP) is concerned with this issue. They have written articles about wealth inequality on this subject previously and are currently still attempting to solve it.

The United Nations Economic Commission for Latin America and the Caribbean (ECLAC), as the name suggests, is an economic commission created to support Latin America and the Caribbean financially. They are also currently attempting to solve the issue.

Here is an article written by ECLAC

https://www.cepal.org/en/articles/2019-time-equality-latin-america-and-caribbean-has-arrived-urgency-and-without-delay

Possible Solutions

Education is one of the most important changing factors in a society. A country can change their population's worldview by education of certain matters. Having laws on which topics can be brought up in education and which won't be can greatly affect the functioning of their society. Countries can decide to educate their children and students on the matters of equality to be more accepting of others who are different in race, culture, sex or sexual orientation. Countries could also greatly benefit from educating their students on their rights in a workplace and on financial inequality and the wealth gap to make them more aware of their economical significance. Education's topics however could take years to fully integrate into society and although it is a good solution to wealth inequality, it is not a problem fixed for the current generation. But instead for the ones that have yet to come.

Besides all of that, a very important main point during debate will be combating corruption and cronyism in the Caribbean and its surroundings. Corruption and cronyism are a leading cause of wealth inequality. Introducing stricter laws, policies and treaties to combat this will undoubtedly yield better results regarding inequality.

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