

North America



Frederick Kempe
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Key challenges



1 Increasing inequality



2 Geopolitical shifts



3 Adapting to climate change

88%

of North American respondents believe it is **unlikely that there will be a political will to implement meaningful strategies** for increasing inequality in the next 12-18 months

The response "unlikely" groups the Survey phrases of "not likely at all" and "not very likely"
Source: Survey on the Global Agenda 2014



41%

of US respondents think that **China** is the world's foremost economic power



40%

of US respondents think that the **US** is the world's foremost economic power

Source: Pew Research Center Global Attitudes Project, 2014

In 2013, President Barack Obama branded income inequality as "the defining challenge of our time". Income inequality in the US has reached levels not seen since 1928, according to the University of California, Berkeley. In 2013, the top 1% of families received nearly 22.5% of income, while the bottom 90%'s share was below 50% for the first time.

It is striking that an administration openly conceding the problem has done little to address it. Our North American Survey respondents named increasing inequality as the issue they are most concerned about, followed by geopolitical shifts and the challenge of adapting to climate change.

Frederick Kempe, President and CEO of the Atlantic Council, agrees that inequality undermines the US as an example for others to emulate. Paradoxically, it is the innovation and entrepreneurship the world admires that has produced much of the wealth.

Globalization and the digital economy, Kempe says, provide greater earning power, so the best way to address the gap is through training and education to increase access to these opportunities.

Regarding tax policy, Kempe says increasing inequality is a reversible trend only if addressed through education and training: "If we use tax income to take on under-education and inadequate training, we can succeed. However if the goal is

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simply to punish the fabulously wealthy, greater taxation could kill the goose that's laid the golden egg," he adds. "Let's give people the skills to bring them into the middle and upper middle-classes. Government intervention should advance skills pertinent to modern economies, including maths and science."

According to this year's Survey, 88% of respondents believe that meaningful strategies to combat inequality are unlikely to be developed within 18 months. Kempe believes that American "political dysfunction" – the polarization between Republicans and Democrats in Congress – is making it difficult for the US establishment to build consensus on crucial but contentious issues, from immigration reform to climate change.

While there is 98% agreement among scientists about climate change, only 50% of Republicans say there is solid evidence of rising temperatures. Agreement is smaller among Tea Party Republicans, where only 40% say global warming is happening.

Yet Kempe believes there is sufficient agreement on climate to progress – but less through the United Nations, and more at the G20 level. "The UN can only do so much. They can set targets, but without policy, technology and finance, they become fig-leaves concealing a lack of action. Technology and finance will be crucial to meeting targets, so negotiations may be more effective among the G20, who account for more than three-quarters of emissions, not the 192 at the UN.

Meanwhile, the cautious response of the Obama administration to a series of global events, including the spread of extremism across the Middle East and the Russian annexation of Crimea, raises questions about America's role in the world. Kempe worries that the temptation of US disengagement is dangerous. Although it would satisfy much of American public opinion, it would leave a vacuum that would be filled either by less benevolent actors or chaos.

The fact that Obama acknowledged that the Ukraine crisis and spread of Islamic State require a concerted global response is positive, according to Kempe. "It's a good sign the US sees the need to remain engaged, but do we have the political will required to address the generational challenges that won't be solved in a year or two?" ■