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Eight People Own as Much as Half the World

By Pete Dolack
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Just when it seemed we might be running out of superlatives to demonstrate the monstrous inequality of today's capitalism, Oxfam has provided the most dramatic example yet: Eight individuals, all men, possess as much wealth as the poorest 50 percent of humanity.

Eight people have as much as 3.7 billion people.

How could this be? Oxfam calculated that 85 people had as much wealth as the poorest half of humanity in 2014, a staggering finding that researchers with the anti-poverty organization discovered through crunching numbers provided by Forbes magazine in its rich list and by the investment bank Credit Suisse in its global wealth distribution report. Oxfam found wealth distribution to be even more unequal than did Credit Suisse, which calculated that the top one percent equaled the bottom 50 percent. Oxfam, in its report, “An Economy for the 99%,” released this month, explains:

“This year we find that the wealth of the bottom 50% of the global population was lower than previously estimated, and it takes just eight individuals to equal their total wealth holdings. Every year, Credit Suisse acquires new and better data sources with which to estimate the global wealth distribution: its latest report shows both that there is more debt in the very poorest group and fewer assets in the 30–50% percentiles of the global population. Last year it was estimated that the cumulative share of wealth of the poorest 50% was 0.7%; this year it is 0.2%.” [page 11]

Because Oxfam includes among the bottom 50 percent people in the advanced capitalist countries of the Global North who have a net worth of less than zero due to debt, some critics might argue that these people are nonetheless “income-rich” because they have credit available to them and thus distort the inequality outcome. Oxfam, however, says that almost three-quarters of those among the bottom 50 percent live in low-income countries, and excluding those from the North with negative wealth would make little difference in aggregate inequality. That total debt is equal to only 0.4 percent of overall global wealth. The Oxfam report says:

“At the very top, this year’s data finds that collectively the richest eight individuals have a net wealth of \$426 bn, which is the same as the net wealth of the bottom half of humanity. ... [E]stimates from Credit Suisse find that collectively the poorest 50% of people have less than a quarter of 1% of global net wealth. Nine percent of the people in this group have negative wealth, and most of these people live in richer countries where student debt and other credit facilities are available. But even if we discount the debts of people living in Europe and North America, the total wealth of the bottom 50% is still less than 1%.” [page 10]

Profiting from cheap labor and forced labor

We are accustomed to hearing that chief executive officers in U.S.-based corporations earn hundreds of times more than their average employee, but this dynamic can be found in the developing world as well. No matter where the CEO lives, brutal and relenting exploitation of working people is the motor force of inequality. Oxfam reports:

“The CEO of India’s top information firm earns 416 times the salary of a typical employee in his company. In the 1980s, cocoa farmers received 18% of the value of a chocolate bar — today they get just 6%. In extreme cases, forced labour or slavery can be used to keep corporate costs down. The International Labour Organization estimates that 21 million people are forced labourers, generating an estimated \$150 bn in profits each year. The world’s largest garment companies have all been linked to cotton-spinning mills in India, which routinely use the forced labour of girls.” [page 3]

People become sweatshop workers out of desperation; often these are men and women driven off the land their families had farmed for generations. Land, even small plots that provide only subsistence for those who work it, represents wealth taken away when those subsistence farmers are forced into migrating into urban slums. Displacement from global warming is also a factor.

“[M]any people experiencing poverty around the world are seeing an erosion of their main source of wealth — namely land, natural resources and homes — as a consequence of insecure land rights, land grabbing, land fragmentation and erosion, climate change, urban eviction and forced displacement. While total farmland has increased globally, small family farms operate a declining share of this land. Ownership of land among the poorest wealth quintile fell by 7.3% between the 1990s and 2000s. Change in land ownership in developing countries is commonly driven by large-scale acquisitions, which see the transfer of land from small-scale farmers to large investors and the conversion of land from subsistence to commercial use. Up to 59% of land deals cover communal lands claimed by indigenous peoples and small communities, which translates to the potential displacement of millions of people. Yet only 14% of deals have involved a proper process to obtain ‘free prior and informed consent.’ Distribution of land is most unequal in Latin America, where 64% of the total wealth is related to non-financial assets like land and housing and 1% of ‘super farms’ in Latin America now control more productive land than the other 99%.” [page 10]

As entire areas of the world like Latin America have been plundered for the benefit of multinational corporations based in the Global North, with those benefits flowing to the executives and financiers who control those corporations, it is no surprise that most of the wealth remains concentrated in the advanced capitalist countries. Although steering well clear of so much as a hint of the imperial nature of uneven development, the Credit Suisse report that Oxfam drew upon does note that North America and Europe together account for 65% of total household wealth with only 18% of the world’s adult population.

The sociologist James Petras estimates that the corporations and banks of the North took US\$950 billion of wealth out of Latin America for the period 1975 to 2005. Thus it is no surprise that global inequality, when measured by the standard statistical measure of income distribution, the gini coefficient, is greater than inequality in any single country.

More programs on the way to make inequality still worse

Few countries of the Global North are more unequal than the United States, the imperial center of the world capitalist system that seeks to impose its ways and culture on the rest of the world. The new Trump administration is determined to make U.S. inequality even more extreme. Not only through intentions of cutting taxes on the wealthy and corporations, but via many less obvious routes.

For example, the Center on Budget and Policy Priorities reports that the repeal of Barack Obama’s Affordable Care Act, a process already in motion, would result in tax cuts of \$2.8 billion per year for the country’s 400 highest-income taxpayers. Special Medicare taxes that fund subsidies for low-income United Statesians to buy insurance under the act are assessed only on those with annual incomes higher than \$200,000. Conversely, the loss of tax credits to buy health

insurance would lead to a tax increase for about seven million low- and moderate-income families.

Through the end of 2016, the central banks of Britain, the European Union, Japan and the United States have shoveled a colossal total of US\$8 trillion (€7.4 trillion) into their “quantitative easing” programs — that is, programs that buy government bonds and other debt in an effort to boost the economy but in reality does little other than fuel stock-market bubbles and, secondarily, real estate bubbles. Vast rebuilding of crumbling infrastructure — a program that would actually put people to work — would have cost less.

Standard economic ideology insists that the real problem is that wages have not fallen enough! Consistent with that, the Federal Reserve released a paper in 2015 claiming that “rigidities” “prevent businesses from reducing wages as much as they would like” during economic downturns.

Oh yes, falling wages instead of stagnant wages will bring happy times! Never mind that productivity has soared over the past four decades, while wages have consistently not kept pace. The average Canadian and U.S. household would earn hundreds of dollars per week more if wages had kept up with rising productivity, while wages in Britain and many other countries are also lagging.

What to do? The Oxfam report, in its conclusions, advocates a switch to a “human economy,” one in which governments are “accountable to the 99%,” businesses would be oriented toward policies that “increase prosperity for all,” and sustainability and equality would be paramount.

“Oxfam firmly believes humanity can do better,” its report concludes. Surely we can do better. But not under capitalism. Does anyone believe that the world’s elites, who profit so enormously and believe they can build a wall high enough to keep the world’s environmental and social problems away, are going to suddenly accept business as usual can no longer go on and willingly give up their enormous privileges?