

Widening Economic and Social Inequalities, Billionaires Alongside the Global Impoverishment of the Human Family

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It is not surprising that the Davos Forum held in the middle of January 2017 chose not to examine the obscene, grotesque, ever widening economic inequalities in the world brought to its attention by Oxfam, the global aid and development confederation. Oxfam revealed on the 15th of January that “the richest eight tycoons on the planet are worth as much as the poorest 3.6 billion people” — half of the world’s population. It also emphasised that the richest 1% continues to own more than the other 99% combined.

These inequalities have been getting worse over the years. In 2010, a mere seven years ago, **the wealth of 43 of the world’s richest people equalled to that of half of the human family.** Between 1988 and 2011 the incomes of the top 1 % had increased by 182 times compared to the bottom 10%.

Critics of Oxfam’s findings such as the Adam Smith Institute argue that “it is not the wealth of the world’s rich that matters, but the welfare of the world’s poor and this is improving every year.” They claim that the proportion surviving on less than US 2 dollars a day has fallen from 69.9 % in 1981 to 43% in 2008. But they miss the point. While it is true that absolute poverty has been reduced on a global scale, there is greater concentration of wealth in fewer hands today than ever before. It is this disparity with all its dire consequences that poses a monumental challenge to the struggle for global justice.

Before we look at some of the possible solutions to this injustice, it is important to establish the underlying causes of current economic inequalities. The strengthening of a global economic system driven by the acquisition and accumulation of unfettered private wealth which regards the maximisation of profits in all spheres of activity as its credo is undoubtedly one of the root causes. In the last few decades this system has become even more rapacious as it pushes for the Liberalisation of trade and investments, the Deregulation of financial services and the Privatisation of public goods and resources.

The LDP dimensions of the global economy have reinforced elite interests to such a degree that huge bonuses paid to the CEOs of major corporations even in the midst of a financial crisis are viewed as “a justifiable necessity.” Any wonder why Davos was not prepared to address the question of stark inequalities? Indeed, the manner in which the global economy has institutionalised greed and legitimised selfishness today is without precedence in human history.

How do we meet this challenge? Currency markets will have to be regulated and speculative

capital will have to be curbed. Transactions which are unrelated to output or productivity in the real economy should be discouraged. There should also be action against tax havens — a call which Oxfam had made to all world leaders last year. A global network of tax havens enables the very rich to hide 7.6 trillion US dollars. It skews economies at all levels — national, regional and global — in favour of the rich. It widens the chasm between those who have a lot and those who have a little.

To act effectively against tax havens there has to be global cooperation. This is also true of currency speculation. A State on its own cannot eliminate currency speculation given the nature of capital flows. What this means is that in an interdependent world, justice has to be a global commitment transcending national boundaries.

Nonetheless, there are some measures that can be initiated within national boundaries. The public sector for instance can be given a more extensive role in managing public goods and services on behalf of the people as a whole. Protecting the commons should be its duty especially in the face of the predatory lust for private gain. It would also act as a check against the widening gap between the rich and poor.

Paying workers a living wage would be yet another measure that would help to close the gap with the upper echelons of private and public corporations. A living wage which goes beyond a minimum wage would not only cater for the basic needs of a family but would also take into account inflationary trends in society. In this regard, compensating women for unpaid household work and ensuring equal pay for equal work with their male counterparts would go a long way in reducing inequality in society.

Plugging leakages in the economy, getting rid of wasteful expenditure and most of all, combating corruption would also contribute towards the quest for justice and equality. For the most part, these are tasks that come within the jurisdiction of the State. If there is a sincere effort to develop an ethically sound economy and society, it is quite conceivable that the disparities that deny the disadvantaged their rightful opportunities to advance in life would be minimised.

Whether it is at the national or global level, it is clear that the struggle against inequality requires sincerity, courage and determination on the part of those who matter.

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