**Time to Care: Unpaid and Underpaid care work and the global Inequality crisis**

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**A tale of two extremes**

1 There is no doubt that inequality has reached extreme levels. We live in a world where great poverty exists directly alongside unimaginable wealth. At the top of the global economy are people, mainly men, whose wealth and power grows over time regardless of whether the value they add to society in any way matches the wealth they accumulate. The accumulation of riches in the hands of the few has gone so far that the wealthiest individuals have more economic power than entire countries. In 2019, the world’s 2,153 billionaires had more wealth than 4.6 billion people. Globally, men own 50% more wealth than women, and the combined wealth of the world’s 22 richest men is more than the wealth of all the women in Africa. Meanwhile, at the bottom of the economy millions of women and girls work long hours in unpaid or underpaid essential work caring for others, adding massive value to society. This sexist and exploitative economic system is taking from the many and putting excessive riches in the pockets of the wealthy few. It is fuelling unacceptable levels of economic and gender inequality.

**THE VIEW FROM THE TOP: ALL PAY AND NO WORK**

**Billionaires and extreme wealth: a sign of a failing economy**

2 In February 2019 the New York Times published an opinion piece on its front page, provocatively entitled ‘Abolish Billionaires’. The editorial raised a serious question: what if billionaires were a sign of economic failure, rather than of economic success? Examining the origins of the wealth of the super-rich, and how that wealth is deployed, casts serious doubt on their value to our economy and our society. It also shows how their wealth is built on billions of hours of exploitative underpaid and unpaid care work, which is mainly done by women and people from ethnic minorities. Super-rich lives and lifestyles are dependent on this care work, and the economic value these workers create accumulates upwards, helping to boost the bank accounts of the super-rich. Worse, the human rights of care workers are routinely violated, and their personal safety is often put at risk.

3 It has been estimated that two-thirds of billionaire wealth exists because of inheritance or is tainted by crony connections to government. Such power can significantly increase economic inequality by channelling profits into the hands of the few. For example, when billionaires are able to use their connections with government to secure exclusive rights to provide services, there is big money to be made at the expense of customers including poor people. A number of studies have also found a potential link between sexist beliefs and increased tolerance of cronyism and corruption.

4 The dominance of neoliberal economics, which values deregulation and reduction in public spending, has in recent decades stopped action to dismantle monopolies. Consequently, today many sectors of the global economy are characterized by monopoly power. Food, pharmaceuticals, media, finance and technology are all dominated by a handful of huge corporations. These monopolies, and the wealthy shareholders behind them, are responsible for accelerating economic inequality. They enable these companies, and their super-rich shareholders, to extract excessive profits from the market and share it among themselves. This directly fuels wealth accumulation for the few, at the expense of ordinary citizens, making reducing poverty even more difficult. New analysis by Oxfam shows how, partly as a result of increased monopoly power, returns to rich shareholders have increased dramatically while real wages have barely increased at all. Between 2011 and 2017, average wages in G7 countries grew by 3%, while dividends to wealthy shareholders grew by 31%. Behind corporate power and corporate actions is increasingly the power of super-rich shareholders.

5 Roughly one-third of billionaire wealth comes from inheritance. Some individuals inherit billions of dollars and others, like President Trump, inherit hundreds of millions that enable them to become billionaires. This creates a new kind of aristocracy, where people become super-rich simply because their parents were. A rich man who inherits millions offers a stark contrast to a girl born into a family living in poverty, who is likely to remain just as poor as her parents and to do countless hours of unpaid and underpaid care work, just as her mother did. Billionaire wealth and the inheritance of such significant sums of money undermine redistribution that could help to address inequality head on and a wider system of social mobility for everyone.

6 Whether inherited or secured in other ways, extreme wealth takes on a momentum of its own and leads to even greater wealth. The super-rich can watch their wealth grow over time because they have the money to spend on the best investment advice. Billionaire wealth has increased since 2009 by an average of 7.4% a year, far higher than any rate an ordinary saver could obtain. Bill Gates is currently worth nearly $100bn, almost twice what he was worth when he stepped down as head of Microsoft. This is despite his commitment to giving his money away.

7 The super-rich also use their wealth to pay as little tax as possible by employing armies of tax accountants who deliver them an average annual return of 7.4% on their wealth. At the same time, enabled by governments, they are able to use a secretive global network of tax havens, as revealed by the Panama Papers and other exposés. Studies have shown that the super-rich are avoiding as much as 30% of their tax liabilities, denying governments billions of dollars that could be spent on inequality-services like health and education – which would in turn help reduce the consequences for women and girls of undervalued and unbalanced unpaid care work.

8 Billionaires are also able to buy impunity from justice, influence politicians or a pliant media and even rig democratic processes. The use of money to influence elections and public policy is a growing problem all over the world. A recent Oxfam study showed the many ways in which politics and the media have been captured by the very rich in Latin America. Extreme wealth can influence policy and politics, reinforcing feedback loops whereby the winners of the economic game get the resources to win even bigger next time. Extreme wealth can also be used to influence media and academia in order to bolster support for mainstream economics that favours elites.

9 For all these reasons, there is a very strong case to be made that, as one commentator recently said, ‘every billionaire is a policy failure’: Extremes of wealth are not a sign of a healthy economy but rather a sign of an economy that is very sick and urgently in need of fixing. The enormous fortunes of a few super-rich individuals, and the enormous power their great wealth gives them, stand in the way of much needed redistribution in order to close the gap between rich and poor. Building a fairer society, free from extreme poverty, requires an end to extreme wealth.

**The View from the bottom: All work and no pay**

10 The World Bank has suggested that the rate at which extreme poverty (i.e. an income of $1.90 a day) is being reduced has halved since 2013. This is of serious concern, and it calls into question whether the Sustainable Development Goal (SDG) targets can be met. Around 735 million people are still living in extreme poverty, and many of those who have risen above the extreme poverty line of $1.90 are still just one hospital bill or one failed harvest away from slipping below **it** again. It is projected that hundreds of millions of people will still be living in extreme poverty by 2030. As today, the majority of these will be women and girls: with less income and fewer assets than men, they comprise the greatest proportion of the world’s poorest households, and that proportion is growing. They also shoulder the greatest amount of unpaid care work, which in addition to creating wellbeing, adds value to the economy to the tune of at least $10.8 trillion.

11 Income growth is consistently accruing to those at the top, while those at the bottom are left behind. The latest figures on income inequality demonstrate this point. According to the World Inequality Report 2018, between 1980 and 2016 the richest 1% received 27 cents of each dollar from global income growth. This was more than twice the share of the bottom 50%, who secured only 12 cents of every dollar. If the economic system is left to distribute the fruits of growth so unevenly, it will never eliminate poverty. Unbridled growth is also unsustainable, if we are to end poverty while living within the environmental boundaries of our planet.

12 Recent research published by the World Bank has shown that reducing inequality has a bigger effect on reducing extreme poverty than an increase in economic growth. It shows that if countries reduced income inequality by 1% each year, 100 million fewer people would be living in extreme poverty by 2030. The study also found that reducing inequality by 1% each year had a larger impact than increasing growth by one percentage point above forecasts.

13 Unless we close the gap between rich and poor, the goal of eliminating extreme poverty will certainly be missed. But this is not inevitable – with strong commitment to a more human economy, poverty could be eliminated for current and future generations. This must entail tackling the existing sexist economy. This unjust system exploits and marginalizes the poorest women and girls, while lining the pockets of a rich and powerful few and giving them undue influence to skew economic policy in their own favour. This has to change. Governments around the world must act now to build a human economy that values what truly matters to society, rather than fuelling the endless pursuit of profit and wealth. Tackling the global injustice of unpaid and underpaid care work is essential to this.

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