

Rich lists

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Larry Elliott Economics editor

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A new report by Oxfam warns of the growing and dangerous concentration of wealth



Indian migrant daily wage workers bath at a public well in New Delhi. New information shows that poverty in China and India is worse than previously thought. Photograph: Altan Gede/AP

The world's eight richest billionaires control the same wealth between them as the poorest half of the globe's population, according to a charity warning of an ever-increasing and dangerous concentration of wealth.

In a report published to coincide with the start of the week-long World Economic Forum in Davos, Switzerland, Oxfam said it was "beyond grotesque" that a handful of rich men headed by the Microsoft founder Bill Gates are worth \$426bn (£350bn), equivalent to the wealth of 3.6 billion people.

The development charity called for a new economic model to reverse an inequality trend that it said helped to explain Brexit and Donald Trump's victory in the US presidential election.

Oxfam blamed rising inequality on aggressive wage restraint, tax dodging and the squeezing of producers by companies, adding that businesses were too focused on delivering ever-higher returns to wealthy owners and top executives.

The World Economic Forum (WEF) said last week that rising inequality and social polarisation posed two of the biggest risks to the global economy in 2017 and could result in the rolling back of globalisation.

Oxfam said the world's poorest 50% owned the same in assets as the \$426bn owned by a group headed by Gates, Amancio Ortega, the founder of the Spanish fashion chain Zara, and Warren Buffett, the renowned investor and chief executive of Berkshire Hathaway.

The others are Carlos Slim Helu: the Mexican telecoms tycoon and owner of conglomerate Grupo Carso; Jeff Bezos: the founder of Amazon; Mark Zuckerberg: the founder of Facebook; Larry Ellison, chief executive of US tech firm Oracle; and Michael Bloomberg: a former mayor of New York and founder and owner of the Bloomberg news and financial information service.

Last year, Oxfam said the world's 62 richest billionaires were as wealthy as half the world's population. However, the number has dropped to eight in 2017 because new information shows that poverty in China and India is worse than previously thought, making the bottom 50% even worse off and widening the gap between rich and poor.

With members of the forum due to arrive on Monday in Switzerland, where guests will range from the Chinese president Xi Jinping, to pop star Shakira, the WEF released its own inclusive growth and development report in which it said median income had fallen by an average of 2.4% between 2008 and 2013 across 26 advanced nations.

Norway, Luxembourg, Switzerland, Iceland and Denmark filled the top five places in the WEF's inclusive development index, with Britain 21st and the US 23rd. The body that organises the Davos event said rising inequality was not an "iron law of capitalism", but a matter of making the right policy choices.

The WEF report found that 51% of the 103 countries for which data was available saw their inclusive development index scores decline over the past five years, "attesting to the legitimacy of public concern and the challenge facing policymakers regarding the difficulty of translating economic growth into broad social progress".

Basing its research on the Forbes rich list and data provided by investment bank Credit Suisse, Oxfam said

the vast majority of people in the bottom half of the world's population were facing a daily struggle to survive, with 70% of them living in low-income countries.

It was four years since the WEF had first identified inequality as a threat to social stability, but that the gap between rich and poor has continued to widen, Oxfam added.

"From Brexit to the success of Donald Trump's presidential campaign, a worrying rise in racism and the widespread disillusionment with mainstream politics, there are increasing signs that more and more people in rich countries are no longer willing to tolerate the status quo," the report said.

The charity said new information had shown that poor people in China and India owned even fewer assets than previously thought, making the wealth gap more pronounced than it thought a year ago, when it announced that 62 billionaires owned the same wealth as the poorest half of the global population.

Mark Goldring, chief executive of Oxfam GB, said: "This year's snapshot of inequality is clearer, more accurate and more shocking than ever before. It is beyond grotesque that a group of men who could easily fit in a single golf buggy own more than the poorest half of humanity.

"While one in nine people on the planet will go to bed hungry tonight, a small handful of billionaires have so much wealth they would need several lifetimes to spend it. The fact that a super-rich elite are able to prosper at the expense of the rest of us at home and overseas shows how warped our economy has become."

Mark Littlewood, director general at the Institute of Economic Affairs thinktank, said: "Once again Oxfam have come out with a report that demonises capitalism, conveniently skimming over the fact that free markets have helped over 100 million people rise out of poverty in the last year alone."

The Oxfam report added that since 2015 the richest 1% has owned more wealth than the rest of the planet. It said that over the next 20 years, 500 people will hand over \$2.1tn to their heirs – a sum larger than the annual GDP of India, a country with 1.3 billion people. Between 1988 and 2011 the incomes of the poorest 10% increased by just \$65, while the incomes of the richest 1% grew by \$11,800 – 182 times as much.

Oxfam called for fundamental change to ensure that economies worked for everyone, not just "a privileged few".

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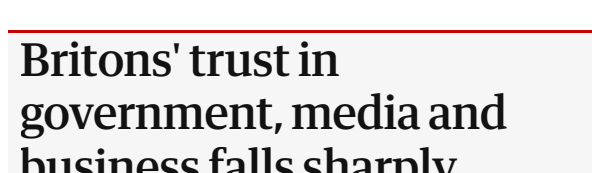
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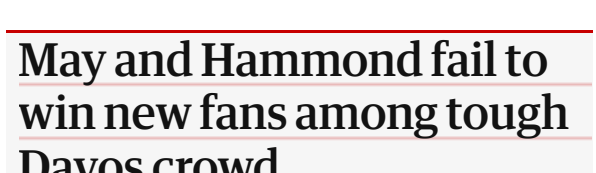
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EdmundLange 16 Jan 2017 3:41 261

Why does anyone even care about growth figures or GDP these days? It doesn't matter to anyone anymore if only the top 0.001% see any benefit from it...

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SystemOfTheWorld → EdmundLange 16 Jan 2017 4:02 35

"Growth figures" make sense if they measure things that matter to most people that way we know when we are doing the right things. GDP is easy to measure but it is flawed to the degree it treats things that most people regard as bad as positive and ignores many indicators. There are other measures that are better. One example is GPI, which includes amongst other things crime, pollution and income distribution. If you use GPI you get quite a different picture, with deterioration rather than growth for the US. It is used in some places, such as US states, but GDP is still dominant.

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Gary Cross → SystemOfTheWorld 16 Jan 2017 4:16 114

I agree. We keep hearing about this "growth" which has been spun as a Tory economic success story, yet all the figures show that this "real median" has benefited only the wealthiest 10% of this country at all, while the real median wage has fallen by 8-10%. All the indicators that we see about this "growth" are also always based upon share prices and the FTSE index, which again only record the benefits to the wealthy. We need different indicators to show what is really happening to the economy as regards to the general population. But I very much doubt that this government will want to do that; it would be much more difficult for their propaganda machine to spin.

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Ferry Yohanes 16 Jan 2017 3:42 81

Capitalism at it's best.

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SirTalbotBuxomly → Ferry Yohanes 16 Jan 2017 3:53 59

Oxfam's figures flawed for sensationalist impact. The statistical trick is to look at net wealth, not gross wealth. So China has no people in the poorest 10pc but America has lots - why? Because Americans take on a lot more debt. As Felix Salmon points out, Oxfam is asking us to believe that a Harvard law student is poorer - far, far poorer - than a penniless Chinese peasant.

http://blogs.spectator.co.uk/2017/01/oxfam-wont-tell-capitalism-poverty/

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deptfordorg → SirTalbotBuxomly 16 Jan 2017 4:57 147

That's right, nothing to see here folks, Oxfam are just a bunch of figure-fiddling do-gooders who can't be trusted. Take it from the Spectator, a far more objective and trustworthy source of information on poverty and inequality.

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