



# LANCASTER INTERCHURCH PEACE WITNESS

## Socioeconomic Inequality | 2015

**“The explosion in inequality is holding back the fight against global poverty at a time when 1 in 9 people do not have enough to eat and more than a billion people still live on less than \$1.25 per day.” *Oxfam International***

In Dec. 2011, LIPW adopted a brief statement about “the growing disparity in wealth between the few and the many.” Here is a brief excerpt from that statement. “We commit ourselves to highlighting the enormous social price which is paid to perpetuate inequality, and correlating “the expanding military budget with decline in domestic security....”

On June 18, 2015, the LIPW board, supported including the Oxfam International Inequality statement, presented at the World Economic Forum in Davos, Switzerland, January 19, 2015, with our inequality statement. The Board commends the statement to our network as a resource for discussion and study. The statement explains that inequality is increasing global poverty and hunger for a billion people.

“Extreme inequality isn't just a moral wrong. We know that it hampers economic growth and it threatens the private sector's bottom line,” said Winnie Byanyima, Executive Director, Oxfam International.

**The report begins: “Richest 1% will own more than all the rest by 2016.”** The combined wealth of the richest 1 percent will overtake that of the other 99 percent of people next year unless the current trend of rising inequality is checked.

**Oxfam made headlines at Davos** last year with the revelation that the 85 richest people on the planet have the same wealth as the poorest 50 percent (3.5 billion people). That figure is now 80 – a dramatic fall from 388 people in 2010. The wealth of the richest 80 doubled in cash terms between 2009-14.

**The international agency is calling on government to adopt a seven point plan to tackle inequality:**

1. **Clamp down on tax dodging** by corporations and rich individuals
2. **Invest in universal, free public services** such as health and education
3. **Share the tax burden fairly**, shifting taxation from labour and consumption towards capital and wealth
4. **Introduce minimum wages** and move towards a living wage for all workers
5. **Introduce equal pay legislation** and promote economic policies to give women a fair deal
6. **Ensure adequate safety-nets** for the poorest, including a minimum income guarantee
7. **Agree a global goal** to tackle inequality.

### Resources

**[Wealth: Having It All and Wanting More](#)**, a research paper published today by Oxfam, shows that the richest 1 percent have seen their share of global wealth increase from 44 percent in 2009 to 48 percent in 2014 and at this rate will be more than 50 percent in 2016. Members of this global elite had an average wealth of \$2.7 million per adult in 2014.



## LANCASTER INTERCHURCH PEACE WITNESS

Of the remaining 52 percent of global wealth, almost all (46 percent) is owned by the rest of the richest fifth of the world's population. The other 80 percent share just 5.5 percent and had an average wealth of \$3,851 per adult – that's 1/700<sup>th</sup> of the average wealth of the 1 percent.

### **Staggering Inequality**

Winnie Byanyima, Executive Director of Oxfam International, said: "Do we really want to live in a world where the one percent own more than the rest of us combined? The scale of global inequality is quite simply staggering and despite the issues shooting up the global agenda, the gap between the richest and the rest is widening fast.

"In the past 12 months we have seen world leaders from President Obama to Christine Lagarde talk more about tackling extreme inequality but we are still waiting for many of them to walk the walk. It is time our leaders took on the powerful vested interests that stand in the way of a fairer and more prosperous world.

"Business as usual for the elite isn't a cost free option – failure to tackle inequality will set the fight against poverty back decades. The poor are hurt twice by rising inequality – they get a smaller share of the economic pie and because extreme inequality hurts growth, there is less pie to be shared around."

### **Business Must Act**

Lady Lynn Forester de Rothschild, Chief Executive Officer of E.L. Rothschild and chairman of the Coalition for Inclusive Capitalism, who is speaking at a [joint Oxfam-University of Oxford event on inequality today](#), called on business leaders meeting in Davos to play their part in tackling extreme inequality.

She said: "Oxfam's report is just the latest evidence that inequality has reached shocking extremes, and continues to grow. It is time for the global leaders of modern capitalism, in addition to our politicians, to work to change the system to make it more inclusive, more equitable and more sustainable.

"Extreme inequality isn't just a moral wrong. It undermines economic growth and it threatens the private sector's bottom line. All those gathering at Davos who want a stable and prosperous world should make tackling inequality a top priority."

Today's research paper, which follows the October launch of Oxfam's global [Even It Up campaign](#), shines a light on the way extreme wealth is passed down the generations and how elite groups mobilise

their vast resources to ensure global rules are favourable towards their interests. More than a third of the 1645 billionaires listed by Forbes inherited some or all of their riches.

Twenty percent of billionaires have interests in the financial and insurance sectors, a group which saw their cash wealth increase by 11 percent in the 12 months to March 2014. These sectors spent \$550 million lobbying policy makers in Washington and Brussels during 2013. During the 2012 US election cycle alone, the financial sector provided \$571 million in campaign contributions.



## LANCASTER INTERCHURCH PEACE WITNESS

Billionaires listed as having interests in the pharmaceutical and healthcare sectors saw their collective net worth increase by 47 percent. During 2013, they spent more than \$500 million lobbying policy makers in Washington and Brussels.

Oxfam is concerned that the lobbying power of these sectors is a major barrier in the way of reforming the global tax system and of ensuring intellectual property rules do not lead to the world's poorest being denied life saving medicines.

There is increasing evidence from the International Monetary Fund, among others, that extreme inequality is not just bad news for those at the bottom but also damages economic growth.

Oxfam will today hold a joint symposium [Rising Inequality in the Global South](#) with Oxford University. Speakers include Donald Kaberuka, President of the African Development Bank and Lady Lynn Forester de Rothschild.

### Notes:

Download Oxfam's new report: [Wealth: Having It All and Wanting More](#)

Wealth of 1 percent, 50 percent, 80 percent and 99 percent taken from Credit Suisse Global Wealth Datebook (2013 and 2014)

<https://www.credit-suisse.com/uk/en/news-and-expertise/research/credit-suisse-research-institute/publications.html>

Projection of 1 percent wealth for 2016 calculated by Oxfam based on that data.

The wealth of the richest 80 was calculated using [Forbes' billionaires list](#). Annual data taken from list published in March.

Credit Suisse made changes to its methodology between 2013 and 2014. Using this new methodology, last year's '85' would have been '90'. That means that the number of billionaires who have the same wealth as the poorest 3.5 billion has fallen from 90 to 80 in the last 12 months.

Details of Oxfam's Even It Up campaign can be found at [oxfam.org/even-it-up](http://oxfam.org/even-it-up)