



26 billionaires = 3.8 billion poorest

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As of the end of 2018, the 26 richest persons in the world have the same wealth as the 3.8 billion poorest, half the global population. This is the gist of the report of Oxfam, the global charity group, released last week as the world's political and business leaders meet in Davos, Switzerland for the annual World Economic Forum.

That this was meant to shock the world specially the richest and most powerful persons and nations into action and do something about the state of poverty and inequality was not surprising. Indeed, the figures dished out appear to be solid, culled as these were from statistics churned out no less by Credit Suisse, a financial institution of note.

Indeed we should be shocked by the extent of poverty and disparities obtaining in the world. For years, the organization has been monitoring the global poverty and inequality situation. If only for the shock effect, we should already be thankful. But as it shocked, it also provided the impetus to get the world's richest to pledge more to end this scourge, this abominable situation where billions of people barely live even in the most advanced countries, with a modicum of success.

The latest reports show that more and more of the wealthy in most countries have given billions of dollars to support a lot of worthy causes from fighting poverty and malnutrition, to medical research, to educational and training pursuits to job generation and food packs and disaster, relief and rehabilitation works. In fact, a number of those 26 wealthy persons mentioned in the Oxfam report, notably Microsoft founder Bill Gates and Berkshire Hathaway's Warren Buffett, initiated and signed a so-called "Giving Pledge" in 2010 meant to sign off, as it were, a good part of their earthly holdings to support various charitable, poverty uplifting and people empowerment endeavors.

Buffett, singled out as one of the best if not the best investor in America, pledged 99 percent of his known wealth valued at \$53 billion to such causes. In pledging this huge amount, Buffett said: "In my entire lifetime, everything that I've spent will be quite a bit less than 1 percent of everything I make. The other 99 percent plus will go to others because it has no utility to me. So it's silly for me to not transfer that utility to people who can use it." So far, this kind of thinking has animated close to 193 wealthy persons pledging close to \$700 billion for humanitarian causes. That amount is nothing to sneer at and it is expected to even get bigger as more and more wealth is created worldwide giving more leeway to persons of value to give more to charities like OXFAM. If only for that the shock reports which this organization dishes out every year should be most welcome indeed.

But shocking and pledging, though necessary to awaken the world's conscience, are not enough if we are to have a truly equitable, sustainable and empowering future. In fact, this report has taken fire from various sectors for "not telling all of the story" on the state of poverty and inequality in the world. A number of economists and scholars including the noted Swedish scholar Johan Norberg, a fellow of the conservative, US based Cato Institute, had a scathing retort to Oxfam's report.

Noted these critics: "The problem is Oxfam telling the wrong story. They blame Bill Gates and Mark Zuckerberg's big bank accounts for everything from Brexit to Trump. They argue that increasing returns to those at the top is to blame for poverty at the bottom. And that we must fundamentally change our economic model to fix this. But it couldn't be further from the truth.

"Neoliberal reforms, where markets are opened up, regulations are scrapped and property rights enforced, have delivered dramatic progress in the fight against poverty. From India and Bangladesh to China and Vietnam, the story of the last three decades is freer trade and freer markets eliminating poverty.

Indeed, it's those countries who've tried to do things differently that have bucked the trend. Look at Venezuela, where extreme poverty has increased since 2000 and less-extreme (but still unpleasant) poverty more than doubled in 2015."

The story of the last 40 years is one of extraordinary achievement. Poverty has fallen dramatically. Back in 1977 nearly one in five children born would die before the age of five. It's closer to one in forty now and still falling.

As recently as 1990, 40 percent of the world lived on less than \$1.25, it's now fallen to less than 15 percent of the world. Swedish economist Johan Norberg points out that every minute 100 people are lifted out of poverty. And here's the kicker, on most measures inequality itself has fallen. Economist Branko Milanovic points out that over the past 20 or so years income inequality has fallen over the globe.

But rather than beating the drum for the free-market reforms pursued by so many developing countries that boost everyone's incomes, Oxfam has chose to tell a story that assumes the pie is fixed. That increased wealth for Gates, Zuckerberg and Bezos means less wealth for everyone else. That's simply not true, they became rich by creating products that benefit everyone. Wealth inequality is a side effect of stability. The three biggest equalizers of wealth in British history? Two World Wars and the Black Death. Recently? The financial crisis.

We should stop worrying about the relative gap between the richest and poorest. Instead, it should be on the absolute condition of the worst of that we focus our concern. And when it comes to improving the absolute condition of the poorest, it's the pro-market reforms pursued in China, India, and Vietnam that Oxfam should focus on.

There is no question that the issue of poverty and inequality will animate serious debates in all nooks of the globe for years to come. Suffice it to say that reports such as Oxfam's should give us a chance to take a long hard look at the measures which have been put in place preferably in our part of the world to ensure that we do more than talking and whining when it comes to this most critical concern of our lifetime.