REWARD WORK, NOT WEALTH

To end the inequality crisis, we must build an economy for ordinary working people, not the rich and powerful.

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Last year saw the biggest increase in billionaires in history, one more every two days. Billionaires saw their wealth increase by $762bn in 12 months. This huge increase could have ended global extreme poverty seven times over. 82% of all wealth created in the last year went to the top 1%, while the bottom 50% saw no increase at all.

Dangerous, poorly paid work for the many is supporting extreme wealth for the few. Women are in the worst work, and almost all the super-rich are men. Governments must create a more equal society by prioritizing ordinary workers and small-scale food producers instead of the rich and powerful.
This paper is dedicated to the women and men around the world who are standing up to fight inequality and injustice, often at great risk to themselves, in the face of increasing repression in the majority of countries.

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org.

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Cover photo: Young workers in a garment factory in Bangladesh. Photo credit: Jonathan Silvers/Saybrook Productions.

Oxfam

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FOREWORD

Oxfam’s campaign and call for action are very timely, because the inequality crisis is real. As the report points out, in many countries wage inequality has increased and the share of labour compensation in GDP has declined because profits have increased more rapidly than wages. While the income share of the top 1% has grown substantially, many others have not shared in the fruits of economic progress. Even in emerging countries with rapid economic growth, many workers, including a disproportionately large share of women, remain trapped in low pay and poverty wages.

The survey undertaken as part of this Oxfam report confirms that a majority of people want to live in far more equal societies. Reflecting these concerns, reducing inequality has rapidly risen up the agenda for global institutions and world leaders. This is reflected most prominently in the Sustainable Development Goals of the UN 2030 Agenda, where Goal 10 is a call to ‘reduce inequality within and among countries’ and Goal 8 calls for inclusive economic growth, full and productive employment and decent work for all. I could not agree more with Oxfam’s report when it states that ‘decent jobs, with living wages are essential to creating fairer societies’ and that the key to reducing inequality is ‘well paid, decent work’.

– Guy Ryder, Director-General of the International Labour Organization (ILO)

ENDORSEMENTS

No group in the world has done more than Oxfam to shine light on the coexistence of extreme wealth and extreme poverty and on the measures needed to move the world towards social justice with lower inequalities of income and wealth. The entire world has signed on to the Sustainable Development Goals, with SDG 10 calling on all nations ‘to reduce inequality within and among countries.’ Oxfam’s new report is a must-read to achieve SDG 10, and brims with new ideas and approaches. The report will be sure to generate attention and controversy — as this topic should. Sometimes the super-rich call out Oxfam and others for ‘stoking class warfare’ but the truth is that in many societies, including my own, the United States, many of the super-rich have in effect declared war on the poor. The urgent need is to rebalance the tables, defend the rights of the poor, and re-establish fair societies that meet the needs of all in line with globally agreed goals.

– Jeffrey D. Sachs, University Professor at Columbia University, Director of the UN Sustainable Development Solutions Network
The recipe for reducing inequality for working families and ensuring decent work is simple: a minimum wage on which you can live, social protection and companies’ compliance with human and labour rights. Freedom of association and collective bargaining rights are fundamental enablers. Workers need the added volume of a collective voice to make themselves heard. Governments must act. Companies must face up to their responsibilities. Oxfam is right – the global economy will falter with too many billionaires. An economy for working people, not wealthy owners will end the inequality crisis.

– Sharan Burrow, General Secretary, International Trade Union Confederation

Because of high and rising inequality within countries, the top 1% richest individuals in the world have captured twice as much growth as the bottom 50% since 1980. Wealth is skyrocketing at the top and becomes entrenched. Oxfam’s research, which describes these worrying trends, is essential reading. Now is the time to reward work, not wealth.

– Gabriel Zucman, University of California, Berkeley

This report confirms what workers have known for years: most of the heralded benefits of globalization are reserved for a global elite who consider themselves untouchable. The myths of the current model of globalization are collapsing like a house of cards and with it the credibility of its proponents and trust in political institutions. Brazen corporate tax evasion, privatization, service cuts and decades of stagnating wages have not happened by accident. Urgent, radical action is needed to fund universal public services, decent work and redistribute wealth. The alternative is the continued rise of populism, racism and fear mongering of the far right. We have been warned.

– Rosa Pavanelli, General Secretary, Public Services International (PSI)

‘Reward Work Not Wealth’ shows working people need trade unions and the right to collective bargaining more than ever. People need wages that they can live on with dignity. But uncontrolled corporate greed is accelerating inequality and insecurity. More widespread collective bargaining would re-balance the global economy so it works for everyone, not just the 1%. It’s time for governments to act.

– Frances O’Grady, General Secretary, UK Trades Union Congress (TUC)

Oxfam has changed the way the world thinks about inequality. Now is the time to stop talking at Davos and start working to create the greater equality so many millions demand.

– Danny Dorling, University of Oxford

Oxfam continues to deliver outstanding research on the global inequality crisis. Their message is clear: we have an economy that serves the interests of the 1%. If we want to heal our fractured and unstable world, we need to change course – and fast.

– Jason Hickel, Goldsmiths, University of London
EXECUTIVE SUMMARY

In 2016, annual share dividends from the parent company of fashion chain Zara to the world’s fourth-richest man, Amancio Ortega, were worth approximately €1.3bn. Stefan Persson, whose father founded H&M, is ranked 43 in the Forbes list of the richest people in the world, and received €658m in share dividends last year.

Anju works sewing clothes in Bangladesh for export. She often works 12 hours a day, until late at night. She often has to skip meals because she has not earned enough money. She earns just over $900 dollars a year.

Last year saw the biggest increase in the number of billionaires in history, with one more billionaire every two days. There are now 2,043 dollar billionaires worldwide. Nine out of 10 are men. Billionaires also saw a huge increase in their wealth. This increase was enough to end extreme poverty seven times over. 82% of all of the growth in global wealth in the last year went to the top 1%, whereas the bottom 50% saw no increase at all.

Living wages and decent work for the world’s workers are fundamental to ending today’s inequality crisis. All over the world, our economy of the 1% is built on the backs of low paid workers, often women, who are paid poverty wages and denied basic rights. It is being built on the backs of workers like Fatima in Bangladesh, who works sewing clothes for export. She is regularly abused if she fails to meet targets and gets sick because she is unable to go to the toilet. It is being built on the backs of workers like Dolores in chicken factories in the US, suffering permanent disability and unable to hold their children’s hands. It is being built on the backs of immigrant hotel cleaners like Myint in Thailand, sexually harassed by male guests and yet often being told to put up with it or lose their jobs.

This paper looks at growing extreme wealth, and those who work but live in poverty. It explores why this is happening, and gives recommendations on how it can be fixed.

STOP TALKING AND GIVE PEOPLE WHAT THEY WANT: A MORE EQUAL WORLD

It is hard to find a political or business leader these days who is not saying they are worried about inequality. Yet actions, not words, are what count, and here most of our leaders are lacking. Indeed, many are actively promoting policies that can increase inequality. President Trump was elected promising to help ordinary workers, but has appointed a cabinet of billionaires and is pushing for huge tax cuts for the richest 1%. President Buhari of Nigeria has said that he believes inequality is leading to growing anger and frustration, but in Nigeria
billions in oil wealth are suspected of being stolen, inequality continues to grow and 10 million children are still out of school.\textsuperscript{12} Oxfam and Development Finance International have compiled a detailed index of 152 governments’ actions to tackle inequality, and the majority are shamefully failing to do nearly enough to close the gap.\textsuperscript{13}

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<tr>
<th>Box 1: Wanting a more equal world\textsuperscript{14}</th>
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<td>For this paper, Oxfam surveyed over 70,000 people in 10 countries, representing one-quarter of the world’s population:</td>
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<td>• Over three-quarters of people either agree or strongly agree that the gap between rich and poor in their country is too large – this ranges from 58% in the Netherlands to 92% in Nigeria.</td>
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<td>• Nearly two-thirds of the respondents in the 10 countries think the gap between the rich and the poor needs to be addressed urgently or very urgently.</td>
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<td>• 60% of total respondents agree or strongly agree it is the government’s responsibility to reduce the gap between the rich and the poor. In South Africa, 69% of respondents agree or strongly agree.</td>
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<td>• 75% of the respondents prefer lower levels of income inequality than those that exist in their country. In fact, more than half of the people surveyed wanted lower levels of inequality in their country than currently exist in any country in the world.</td>
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CLAMP DOWN ON INEQUALITY, NOT ON DEMOCRACY

In country after country where Oxfam works, the space for citizens to speak out is being closed, and freedom of speech suppressed. CIVICUS, an alliance dedicated to strengthening citizens, has found that serious threats to civic freedoms now exist in more than 100 countries.\textsuperscript{15}

‘For my generation, there is no going back to the time before the revolution. Our eyes were opened. And while we suffer oppression, we are reorganizing ourselves, and organizing to fight economic inequality and injustice.’

– Ghousein Tawfik, Social Justice Platform, Egypt

US Supreme Court Justice Louis Brandeis famously said, ‘We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can’t have both.’\textsuperscript{16} Our leaders know this, but rather than act to reduce wealth concentration and inequality, they are instead choosing to suppress democracy and the freedom to demand a fairer society.
Box 2: Billionaire bonanza

In the face of this inaction, the inequality crisis continues to worsen, as the benefits of economic growth continue to concentrate in fewer hands.

- Last year saw the biggest increase in the number of billionaires in history, one more every two days. There are now 2,043 dollar billionaires worldwide. Nine out of 10 are men.¹⁶
- In 12 months, the wealth of this elite group has increased by $762bn. This is enough to end extreme poverty seven times over.¹⁹
- In the period between 2006 and 2015, ordinary workers saw their incomes rise by an average of just 2% a year,²⁰ while billionaire wealth rose by nearly 13% a year – almost six times faster.²¹
- 82% of all growth in global wealth in the last year went to the top 1%, while the bottom half of humanity saw no increase at all.²²
- While billionaires in one year saw their fortunes grow by $762bn, women provide $10 trillion in unpaid care annually to support the global economy.²³
- New data from Credit Suisse means 42 people now own the same wealth as 7 billion people, and that last year’s figure has been revised from eight to 61 people owning the same as the bottom 50%.²⁴
- The richest 1% continue to own more wealth than the whole of the rest of humanity.²⁵

In countries across the world, the same picture is emerging. In 2017, research by Oxfam and others has shown that:

- In Nigeria, the richest man earns enough interest on his wealth in one year to lift two million people out of extreme poverty. Despite almost a decade of robust economic growth in Nigeria, poverty has increased over the same period.²⁶
- In Indonesia,²⁷ the four richest men own more wealth than the bottom 100 million people.
- The three richest people in the US own the same wealth as the bottom half of the US population (roughly 160 million people).²⁸
- In Brazil, someone earning the minimum wage would have to work 19 years to make the same amount as a person in the richest 0.1% of the population makes in one month.²⁹

Extreme wealth that is not earned

The mainstream economic justification of inequality is that it provides incentives for innovation and investment. We are told that billionaires are the ultimate demonstration of the benefits of talent, hard work and innovation, and that this benefits us all.³⁰

‘Inequality is rising day by day. Workers are frustrated, their salaries not matching the cost of living. This is because of the growing gap between rich and poor which curtails any chances of prosperity.’

– Tariq Mobeen Chaudray, Center for Finance for Development, Indus Consortium, Pakistan
Yet there is growing evidence\textsuperscript{31} that the current levels of extreme inequality far exceed what can be justified by talent, effort and risk-taking. Instead they are more often the product of inheritance, monopoly or crony connections to government.

Approximately a third of billionaire wealth is derived from inheritance. Over the next 20 years, 500 of the world’s richest people will hand over $2.4 trillion to their heirs – a sum larger than the GDP of India, a country of 1.3 billion people.\textsuperscript{32}

Monopolies fuel excessive returns to owners and shareholders at the expense of the rest of the economy. The power of monopoly to generate extreme wealth is demonstrated by the fortune of Carlos Slim, the sixth richest man in the world. His fortune derives from an almost complete monopoly he was able to establish over fixed line, mobile and broadband communications services in Mexico. The OECD found that this monopoly has had significant negative effects for consumers and the economy.\textsuperscript{33}

Monopoly power is compounded by cronyism, the ability of powerful private interests to manipulate public policy to entrench existing monopolies and create new ones. Privatization deals, natural resources given away below fair value, corrupt public procurement, or tax exemptions and loopholes are all ways in which well-connected private interests can enrich themselves at the expense of the public.

In total, Oxfam has calculated that approximately two-thirds of billionaire wealth is the product of inheritance, monopoly and cronyism.\textsuperscript{34} Oxfam’s survey of 10 countries shows that over half of respondents think that despite hard work, it is difficult or impossible for ordinary people to increase the money they have.

Economic rewards are increasingly concentrated at the top. While millions of ordinary workers remain on poverty wages, returns for shareholders and senior executives have gone through the roof.\textsuperscript{35} In South Africa, the top 10% of society receives half of all wage income, while the bottom 50% of the workforce receives just 12% of all wages.\textsuperscript{36} With just slightly more than one day of work, a CEO in the US earns the same as an ordinary worker makes during the whole year.\textsuperscript{37} Men are consistently the majority of the best-paid employees.\textsuperscript{38} On average, it takes just over four days for a CEO from the top five companies in the garment sector to earn what an ordinary Bangladeshi woman worker earns in her whole lifetime.\textsuperscript{39}

Very often, ever-increasing amounts are being returned to wealthy shareholders, fuelling a relentless squeeze on workers. It would cost $2.2bn a year to increase the wages of all 2.5 million Vietnamese garment workers from the average wage to a living wage. This is the equivalent of a third of the amount paid out to shareholders by the top five companies in the garment sector.\textsuperscript{40}

The fortunes of the richest are often boosted by tax dodging – by rich individuals and by the corporations of which they are owners or shareholders. Using a global network of tax havens, as revealed in the Panama and Paradise Papers, the super-rich are hiding at least $7.6 trillion from the tax authorities.\textsuperscript{41} New analysis by economist Gabriel Zucman for this paper has shown that this means the top 1% is evading an estimated $200bn in tax.\textsuperscript{42} Developing
countries are losing at least $170bn each year in foregone tax revenues from corporations and the super-rich.\textsuperscript{43}

Even billionaires who have made their fortunes in competitive markets are often doing so by driving down the wages and conditions of workers, forcing countries into a suicidal race to the bottom on wages, labour rights and tax giveaways.

At the same time the poorest children, and especially the poorest girls are condemned to die poor, as opportunities go to the children of richer families.\textsuperscript{44}

‘Dreams are born there, and dreams die there.’

– Mildred Ngesa of FEMNET: The African Women’s Development and Communication Network, speaking about the slum of Dandora in Nairobi, near where she grew up.

THE VIEW FROM THE BOTTOM

Inequality and poverty

Between 1990 and 2010, the number of people living in extreme poverty (i.e. on less than $1.90 a day) halved, and has continued to decline since then.\textsuperscript{45} This tremendous achievement is something of which the world should be proud. Yet had inequality within countries not grown during that period, an extra 200 million people would have escaped poverty.\textsuperscript{46} This number could have risen to 700 million had poor people benefited more from economic growth than their rich fellow citizens.\textsuperscript{47} Looking to the future, the World Bank has been clear that unless we close the gap between rich and poor, we will miss the goal of eliminating extreme poverty by a wide margin. Even if the target of reducing poverty to 3% is achieved, around 200 million would still be living on $1.90 a day in 2030.\textsuperscript{48}

It is also the case that those who have been lifted out of extreme poverty often remain very poor, in debt and struggling to feed their families. Many may be only one step away from slipping back. More than half of the world’s population lives on between $2 and $10 a day.\textsuperscript{49}

This is a result of such a small proportion of global income growth having gone to the poorest half of humanity in the last 25 years. The recently released World Inequality Report from the World Inequality Lab shows that the top 1% captured 27% of total global income growth between 1980 and 2016. Meanwhile, the bottom 50% only received half of that, or 12% of total income growth.\textsuperscript{50} For someone in the bottom 10%, their average annual income has risen less than $3 in a quarter of a century. This is a deeply inefficient way to eliminate poverty, with just 13 cents in each dollar of global income growth going to the bottom 50%, and 42 cents going to the top 10%.\textsuperscript{51} Given the environmental boundaries of our planet, it is also completely unsustainable: assuming this level of inequality, the global economy would have to be 175 times bigger just to push everyone above $5 a day, which would be environmentally catastrophic.\textsuperscript{52}
Economic and gender inequality

Gender and economic inequality are closely connected. While in most countries the gender pay gap has received more attention, the gender wealth gap is usually even higher. Globally, more men than women own land, shares and other capital assets; men are paid more for doing the same roles as women, and men are concentrated in higher paid, higher status jobs. It is no coincidence that women are vastly over-represented in so many of the poorest paid and least secure jobs. Around the world, social norms, attitudes and beliefs devalue the status and abilities of women, justify violence and discrimination against them, and dictate which jobs they can and cannot expect to hold.

Gender inequality is neither an accident nor new: our economies have been built by rich and powerful men for their own sake. The neoliberal economic model has made this worse – reductions in public services, cuts to taxes for the richest, and a race to the bottom on wages and labour rights have all hurt women more than men.

Our economic prosperity is also dependent upon the huge but unrecognized contribution made by women through unpaid care work. In Peru, for example, it has been estimated this could represent 20% of GDP. Poor women have to do more unpaid care work than richer women.

To tackle extreme economic inequality, we must end gender inequality. Equally, to secure equality between women and men, we must radically reduce economic inequality. To achieve this, it will not be enough to integrate women further into existing economic structures. We must define a vision for a new human economy, one that is created by women and men together, for the benefit of everyone and not just a privileged few.

In work, but still in poverty

Earned income from work is the most important source of income for most households. So increasing access to decent work boosts equality.

For many of the poorest, this earned income is from small-scale food production. For many others, it is from wages. The focus of this paper is primarily on the waged workers of the world. Oxfam will publish a complementary analysis of small-scale food producers later in 2018.

Box 3: Workers still struggling to survive

In Myanmar, Oxfam works with young women garment workers producing clothes for global fashion brands. They earn $4 a day, which is double the extreme poverty line. To earn this, they work six or seven days a week for 11 hours a day. Despite working such long hours, they still struggle to meet basic needs for food and medicine and frequently fall into debt.
Increasingly though, having a job does not also mean escaping poverty. Recent estimates by the International Labour Organization (ILO) show that almost one in three workers in emerging and developing countries live in poverty, and this is increasing.\(^59\)

Perhaps the most shocking element of the global labour market today is modern slavery. The ILO has estimated that 40 million people were enslaved in 2016, 25 million of them in forced labour. According to the ILO, ‘Forced labourers produced some of the food we eat and the clothes we wear, and they have cleaned the buildings in which many of us live or work.’\(^60\)

Almost 43% of the global youth labour force is still either unemployed, or working but living in poverty.\(^61\) More than 500 million young people are surviving on less than $2 a day.\(^62\) In developing countries, it has been estimated that 260 million young people are not in employment, education or training.\(^63\) This is true for one in three young women.\(^54\) Although the effects of the financial crisis have varied widely, one consistent factor is that young people have been worst affected.\(^65\)

Four million of those in slave labour are children. According to the most recent estimates, there are more than 150 million children aged 5 to 17 undertaking some form of child labour,\(^66\) nearly one in 10.

This is despite significant economic growth in most countries in recent decades. While the value of what workers produce has grown dramatically, they have not seen similar progress in their wages or working conditions. The ILO surveyed 133 rich and developing countries for the period between 1995 and 2014, and found that in 91 wages had failed to keep pace with increased productivity and economic growth.\(^67\)

Sadly, many countries still have no minimum wage or collective bargaining and most minimum wages are significantly lower than what is needed to survive or what could be described as a living wage.\(^58\) Oxfam has demonstrated this in work in Morocco, Kenya, Indonesia and Vietnam.\(^69\) Minimum wages are also poorly enforced, and the enforcement is worse for women than for men.

**Insecure, dangerous and without rights**

Temporary, precarious work is the norm in developing countries, and is on the rise in rich nations. Temporary employees have lower wages, fewer rights and less access to social protection. Women and young people are more likely to be in these jobs.

For many, their work is dangerous and harmful to their health. According to the ILO, more than 2.78 million workers die every year because of occupational accidents or work-related diseases – one every 11 seconds.\(^70\)

‘*Sexual harassment is very common in this kind of work. At least 90% of women workers are harassed by both the customer and the owners. Justice is on the side of companies.*’

– **Eulogia Familia**, a union leader representing hotel workers in Dominican Republic\(^71\)
Women workers all over the world often suffer serious injury, risks to their health and sexual violence in the workplace. Hotel workers interviewed by Oxfam in the Dominican Republic, Canada and Thailand reported regular instances of sexual harassment and assault by male guests. Hotel workers also reported ill health due to routine use of chemicals in cleaning. In Bangladesh, many young women working in garment factories suffer from repeated urinary tract infections because of not being allowed to go to the toilet. Similarly, a study by Oxfam of poultry workers in the United States found that they were wearing nappies, as they were not permitted to go to the toilet.

**Box 4: Unable to hold their children’s hands**

In the United States, Oxfam is working with poultry workers to campaign for improvements to the appalling working conditions they are forced to endure. Workers are unable to take sufficient toilet breaks, meaning that many must wear nappies to work. Dolores, a former poultry worker in Arkansas, said, ‘It was like having no worth…we would arrive at 5 in the morning…until 11 or 12 without using the bathroom… I was ashamed to tell them that I had to change my Pampers’.

The work is also dangerous, with one of the highest injury rates of any sector. Repetitive strain injuries can be so severe that after only one year working on the production lines, workers have been unable to straighten their fingers, hold a spoon or even properly hold their children’s hands.

Organized workers form a counterbalance to the power of wealth and have been central to the creation of more equal and more democratic societies. Trade unions increase wages, rights and protections, not just for their members but also for workers throughout society. Unfortunately, the IMF has observed a downward trend in trade union density rates all over the world since 2000. The IMF has linked this to increasing inequality. It has been compounded by the rise in use of outsourcing and temporary, short-term contracts to undermine labour rights.

The number of countries experiencing physical violence and threats against workers has risen by 10% in just one year, according to the annual ITUC Global Rights Index. Attacks on union members were recorded in 59 countries. Over three-quarters of countries deny some or all workers the right to strike. Migrant workers in Thailand, who make up one in 10 of the workforce, are not allowed to strike.

The worst jobs predominate in the informal sector of the economy, which goes largely unregulated. Women and young people are over-represented in the informal sector. This situation works to the benefit of some of the most powerful players in a globalized economy. Large multinationals can reduce costs by outsourcing production to smaller businesses that employ informal labour, that pay workers lower wages, and provide less secure work enabling multinationals to circumvent labour and social protection legislation.
WHAT IS CAUSING THIS?

A perfect storm of related factors is combining to simultaneously drive up the bargaining power of those at the top, and drive down the bargaining power of those at the bottom.

At the bottom, workers have seen rights eroded, and trade unions undermined, reducing their bargaining power. Corporations are consolidating more and more, and are under huge pressure to deliver ever greater returns to wealthy shareholders. These returns often come at the cost of workers and offer a major incentive to engage in industrial levels of tax dodging. Corporations use the mobility of their investments to force the race to the bottom between countries on tax and on wages. The threat of greater automation also puts more power in the hands of wealthy owners, and more pressure on workers.

We can build a human economy to fix this

The economy does not need to be structured the way it is. We can create a more human economy that puts the interests of ordinary workers and small-scale food producers first, not the highly paid and the owners of wealth. This kind of economy could end extreme inequality while guaranteeing the future of our planet. We must reject dogmatic adherence to neoliberal economics and the unacceptable influence of elites on our governments. There are two important ways to achieve this: designing economies to be more equal from the start, and using taxation and public spending to redistribute and create greater fairness.

Regulate, restructure and redesign our economy and the way businesses run.

Regulation can be used to ensure that workers have more bargaining power; that we end tax havens; that monopolies are broken up; and that the financial sector and technological progress benefit the majority. Governments and businesses can both act to ensure that poverty wages, slavery and precarious and dangerous work are not seen as morally acceptable.

This will require global cooperation on a far greater scale than today. In today’s political climate this will be very hard to achieve. Fortunately, governments still have considerable space to achieve a great deal at the national level.

Trade and investment can spread opportunity, products, services and prosperity far and wide. Yet, increasingly, decisions are made only through the lens of maximizing returns to wealthy shareholders. This has become a straightjacket that traps the mainstream business world into driving inequality.

However, businesses, social movements and entrepreneurs have generated a range of concepts that try to wriggle free from the straightjacket. These include cooperatives, employee ownership models, mission-primacy, for-benefit businesses, social enterprises and fair-trade businesses.

Studies show that employee-owned companies generate more employment growth and higher pay for their employees. For example, Mondragon is a Spanish multinational cooperative that has a turnover of $13 billion and...
employs 74,000 people. Decision making is democratic, job security is promoted and the highest paid earns no more than nine times the lowest.

Our economies could be built with these progressive structures if political leaders prioritize policies that finance, support and foster such models.

**In order to do this, they must provide education, healthcare and social protection for all, and pay for this by ensuring rich individuals and corporations pay their fair share of tax.**

Governments have another key role to play in further reducing inequality by using taxation and spending to *redistribute*.

Evidence from more than 150 countries, rich and poor alike, between 1970–2009, shows that investment in healthcare, education and social protection reduces inequality.

Universal, quality public services disproportionately benefit women, as they reduce the need for unpaid care and redress inequalities in access to education and health services. This benefit is increased when combined with specific measures like free childcare provision.

Far more can be done to use tax to redistribute the excessive returns currently enjoyed by the wealthy. Both rich individuals and rich corporations should pay more in taxation, and they must no longer be able to avoid paying the tax that they owe. We need to see an end to tax havens and the global web of secrecy that enables rich corporations and individuals to avoid paying their fair share of tax. The global race to the bottom on tax for corporations and the rich needs to be reversed. Governments should follow the lead of Chile and South Africa, which have both increased taxes on rich corporations and individuals.

**A more equal world**

We must urgently redesign our economies to reward ordinary workers and small-scale producers at the bottom and end exploitation. We must stop excessively rewarding the super-rich. It is what people want. It is what our leaders have promised. Together we can end the inequality crisis. We can build a more human economy and more equal world for our children.

**RECOMMENDATIONS**

Governments and international institutions need to recognize the impact of the current mainstream neoliberal economic model on the world’s poor. Then they must work to develop more human economies that have greater equality as a primary aim. The following recommendations examine what governments, international institutions and corporations should do.
FOR GOVERNMENTS

On inequality:

• **Set concrete, timebound targets and action plans to reduce inequality.** Governments should aim for the collective income of the top 10% to be no more than the income of the bottom 40%. Governments should agree to use this measure as the revised indicator for Sustainable Development Goal (SDG) 10 on inequality.

• **End extreme wealth.** To end extreme poverty, we must also end extreme wealth. Today’s gilded age is undermining our future. Governments should use regulation and taxation to radically reduce levels of extreme wealth, as well as limit the influence of wealthy individuals and groups over policy making.

• **Work together to achieve a revolution in inequality data.** Every country should aim to produce data on the wealth and income of everyone in society annually, especially the top 10% and the top 1%. In addition to funding more household surveys, other data sources should be published to shed light on income and wealth concentration at the top.

• **Implement policies** to tackle all forms of gender discrimination, promote positive social norms and attitudes towards women and women’s work, and rebalance power dynamics at the household, local, national and international levels.

• **Recognize and protect the rights of citizens and their organizations to freedom of speech and association.** Reverse all legislation and actions that have closed space for citizens. Provide specific support to organizations defending the rights of women and other marginalized groups.

On designing a fair economy from the start:

• **Incentivize business models that prioritize fairer returns**, including cooperatives and employee participation in company governance and supply chains.

• **Require all multinational corporations to conduct mandatory due diligence** on their full supply chains to ensure that all workers are paid a living wage, in line with the UN Guiding Principles on Business and Human Rights.

• **Limit returns to shareholders** and promote a pay ratio for companies’ top executives that is no more than 20 times their median employees’ pay, and preferably less.

• **Eliminate the gender pay gap** and ensure the rights of women workers are fully realized throughout the economy. Repeal laws that discriminate against women’s economic equality, and implement legislation and regulatory frameworks that support women’s rights.

• **Eliminate slave labour and poverty pay.** Transition from minimum wage levels to ‘living wages’ for all workers, based on evidence of the cost of living, and with full involvement of unions and other social partners.

• **Promote the organization of workers.** Set legal standards protecting the rights of workers to unionize and strike, and rescind all laws that go against these rights. Allow and support collective bargaining agreements with wide coverage.
• Eliminate precarious work and ensure all new forms of employment respect workers’ rights. Ensure the rights of domestic workers, migrant workers and the informally employed. Progressively formalize the informal economy to ensure that all workers are protected, involving informal workers in the decision making process.

**On redistributing for a fairer society:**

**Public spending**

• **Publicly commit to achieving universal free public services and a universal social protection floor.** Scale up public financing and provision to achieve this and ensure contributions to social security or social insurance from employers.

• **Refrain from directing public funding to incentives and subsidies for healthcare and education provision by for-profit private sector companies and expand public sector delivery of essential services.** Strictly regulate private facilities for safety and quality, and prevent them from excluding those who cannot pay.

**On taxation**

• **Use tax to reduce extreme wealth.** Prioritize taxes that are disproportionately paid by the very rich, such as wealth, property, inheritance and capital gains taxes. Increase tax rates and collection on high incomes. Introduce a global wealth tax on billionaires, to help finance the SDGs.

• **Call for a new generation of international tax reforms** to end the race to the bottom on tax. Tax rates should be set at a level that is fair, progressive and contributes to reducing inequality. Any new negotiations should take place under the responsibility of a new global tax body that ensures all countries participate on an equal footing.

• **Eradicate the use of tax havens** and increase transparency, by adopting an objective blacklist of the worst tax havens and strong and automatic sanctions against the corporations and rich people that use them.

**Corporations should play their part in building a more human economy.**

• **No dividends if no living wage:** Multinational companies can choose to prioritize the well-being of lower paid workers by refraining from rewarding shareholders through dividends or buybacks or paying bonuses to executives and the highly paid until all their employees have received a living wage (calculated using an independent standard), and steps have been taken to ensure they are paying prices that can provide a living income for workers or producers in their key supply chains.

• **Representation on boards:** Companies should ensure worker representation on boards and remuneration committees and find ways to meaningfully include the voice of other stakeholders, like workers in supply chains and local communities, into decision making processes.

• **Support transformational change in supply chains:** Companies can prioritize sourcing from more equitably structured enterprises in their supply chains – for example, those that are part- or fully-owned by workers or producers; those that have a governance model that prioritizes a social mission; or those that choose to share some or all of their profits with
workers. Initiatives such as Oxfam’s Fair Value Club\textsuperscript{92} are helping companies do just this.

- **Share profits with the poorest workers**: Companies can decide to share a percentage of profits (e.g. 50\%) with the lowest wage earners in their supply chains and operations. For example, Cafe Direct\textsuperscript{93} shares 50\% of profits with coffee farmers.

- **Support gender equality in the workplace**: Commit to the UN Women’s Empowerment Principles\textsuperscript{94} and to the relevant ILO Conventions (C100, C111, C156, C183)\textsuperscript{95} to demonstrate commitment to gender equality; implement a gender policy covering hiring, training, promotion, harassment and grievance reporting; and publish the gender pay gap for all levels of the company, and commit to eliminating these gaps.

- **Reduce pay ratios**: Publish the company’s pay ratio between CEO and median pay, and commit to reducing this ratio to at least 20:1.

- **Support collective bargaining**: Publicly commit to meaningful and constructive engagement with independent trade unions on an ongoing basis, and – in partnership with unions themselves – work to remove barriers to women workers participating in unions, especially in leadership positions, and promote other means to enable women workers to raise their voices safely and effectively.
NOTES


2 H&M has been consistently one of the most progressive garment companies in seeking to address the problem of poverty wages in its supply chain. It has an industry-leading publicly disclosed Living Wage Roadmap, published in November 2013. It was a signatory to the new ACT initiative in 2015 with IndustrIALL global union federation, to tackle sector collective bargaining in low-wage countries for garment production, starting in Cambodia.

3 Calculated using S&P Capital IQ and Financial Times Markets Data.

4 In an interview with Oxfam Australia, Anju explained that she earns on average 6000 to 7000 taka a month, and she works on average three hours of overtime per day. In USD, her average monthly income is USD 78 (1 BDT = .012 USD) and on average she works 286.44 hours in a month (including overtime). This means her average yearly income is USD $78 X 12 = USD $936.


6 For details on all Oxfam-generated killer facts, please see the Methodology Note: https://policy-practice.oxfam.org.uk/publications/reward-work-not-wealth-to-end-the-inequality-crisis-we-must-build-an-economy-to-620396


14 For details of poll and methodology, please see the Methodology Note: https://policy-practice.oxfam.org.uk/publications/reward-work-not-wealth-to-end-the-inequality-crisis-we-must-build-an-economy-to-620396


17 For details of Oxfam calculations please see the Methodology Note: https://policy-practice.oxfam.org.uk/publications/reward-work-not-wealth-to-end-the-inequality-crisis-we-must-build-an-economy-to-620396


19 Ibid.


21 Forbes. (2017). The World’s Billionaires. For all details of Oxfam calculations please see the


25 Ibid.


39 For this calculation, please see the Methodology Note: https://policy-practice.oxfam.org.uk/publications/reward-work-not-wealth-to-end-the-inequality-crisis-we-must-build-an-economy-to-620396

40 It would cost $2.2bn a year to increase the average wage of 2.5 million garment workers in Vietnam to a living wage. This is a third of the amount paid out to their shareholders by the five biggest fashion retailers in 2016 ($6.9bn). For more details please see the Methodology Note: https://policy-practice.oxfam.org.uk/publications/reward-work-not-wealth-to-end-the-inequality-crisis-we-must-build-an-economy-to-620396


A living wage is a wage that is high enough to enable workers and their families to meet their needs for nutritious food and clean water, shelter, clothes, education, healthcare, energy, childcare and transport, as well as allowing for some savings and discretionary income. A number of different methodologies exist for calculating the living wage. These are detailed in Oxfam Australia. (2017). A Global Middle Class Is More Promise than Reality. http://www.ilo.org/global/about-dw/5665/rabajo-no-remunerado.pdf


62 Ibid.


68 A living wage is a wage that is high enough to enable workers and their families to meet their needs for nutritious food and clean water, shelter, clothes, education, healthcare, energy, childcare and transport, as well as allowing for some savings and discretionary income. A number of different methodologies exist for calculating the living wage. These are detailed in Oxfam Australia. (2017). A Sewing Kit for Living Wages, which can be downloaded from the What She Makes resources page: http://whatsmehakes.oxfam.org.au/resources/


72 Ibid.


74 Ibid.

http://www.epi.org/publication/briefingpapers_bp143/


77 Ibid.


79 Ibid.


81 For more on the concept of a Human Economy, see D. Hardoon. (2017). An Economy for the 99%: It's time to build a human economy that benefits everyone, not just the privileged few. 


https://scholarworks.gsu.edu/icepp/77/ 
https://doi.org/10.2139/ssrn.2188608


85 The Palma ratio divides the income of the richest 10% of the population by the income of the poorest 40%. Oxfam is recommending that governments aim for a Palma ratio of no more than 1.

86 Goal Ten of the Sustainable Development Goals is to reduce inequality between and within countries. http://www.undp.org/content/undp/en/home/sustainable-development-goals.html

87 This should include income, property and estate tax data; data from property and luxury goods markets; data from wealth management firms; and company surveys on wages. Such data should be disaggregated by gender, age, occupation, region and, where appropriate, ethnicity.


89 This should include all elements of remuneration, including benefits, stock options, etc.


91 This should include consideration of how to ensure that all countries can deliver their commitments under the SDGs, reduce their dependency on regressive taxation and effectively set public spending, thereby helping to close the inequality gap.


93 Café Direct. https://www.cafedirect.co.uk/about/
