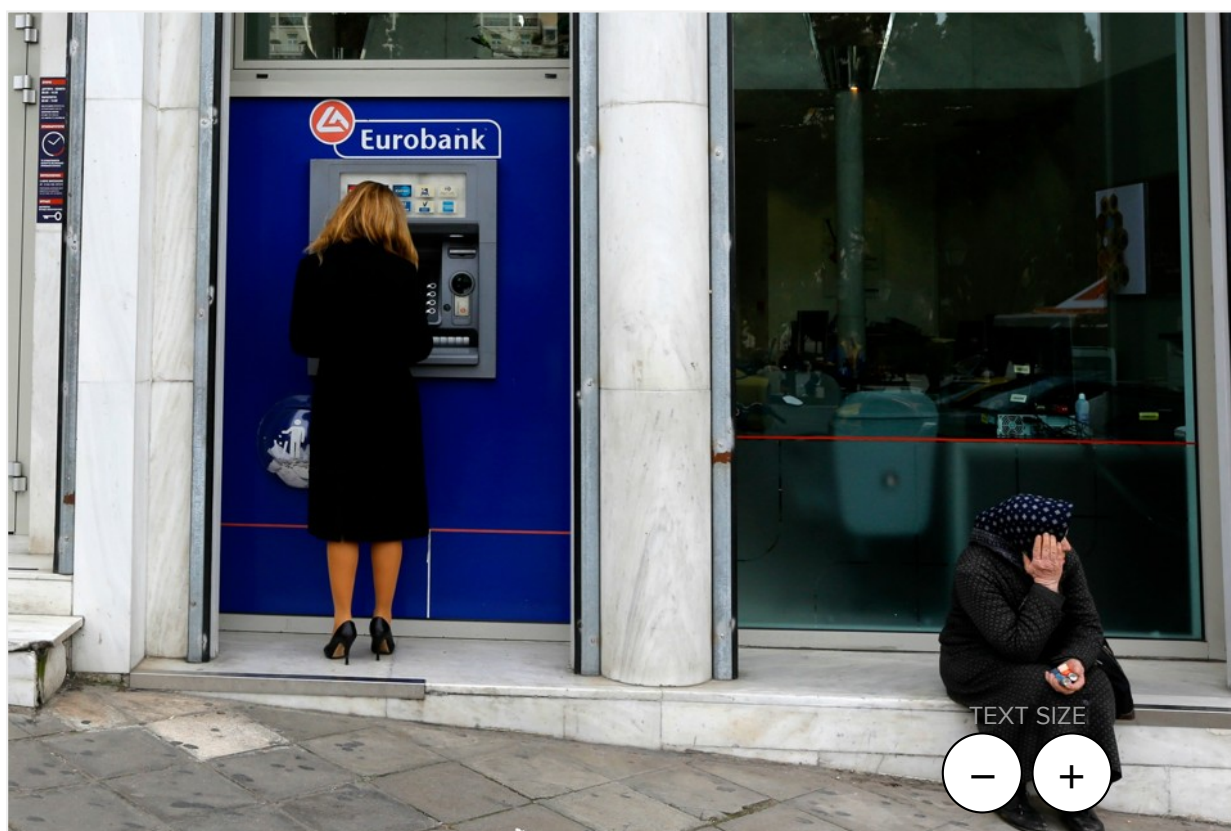


The Atlantic

Where Is All the World's Money Going?

“Far from trickling down, income and wealth are instead being sucked upwards at an alarming rate,” a new Oxfam study finds.



Yannis Behrakis / Reuters

GILLIAN B. WHITE

JAN 19, 2016

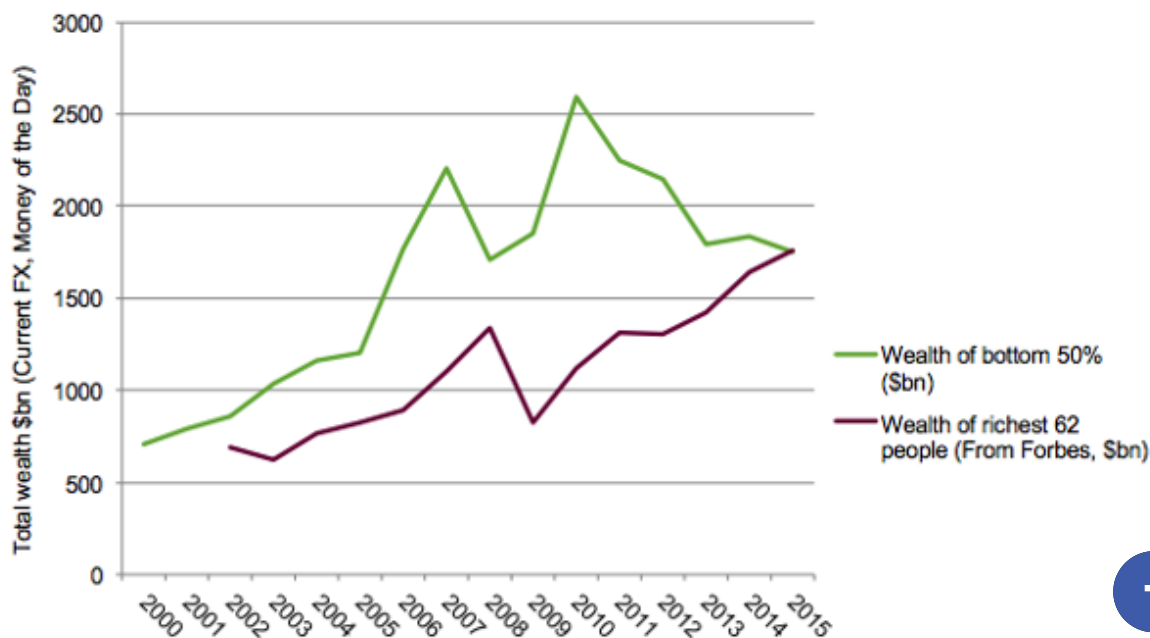
BUSINESS

Wealth just keeps growing for the 62 richest people in the world. Collectively, this ultra-wealthy group controls \$1.76 trillion, which is about the cumulative worth of the poorer half of the world's population, or around 3.5 billion people. And since 2010, wealth has become more and more concentrated in favor of the richest of the rich while those on the lower rungs of the economic ladder have seen their positions worsen, according to a [new report](#) from Oxfam International.

The wealth of the richest 62 people grew by more than half a trillion

dollars in that last half-decade, while the wealth of the poorest 50 percent of people globally decreased by more than \$1 trillion during the same period. “Far from trickling down, income and wealth are instead being sucked upwards at an alarming rate,” the study finds.

The Wealth of the Rich Keeps Climbing



Oxfam

There are several reasons for this growing problem according to Deborah Hardoon, Sophia Ayele, and Ricardo Fuentes-Nieva, the study’s authors. The first is the disconnect between work and earnings. The share of national income going to workers has been falling while the share of income given to owners and top executives is rising, a phenomenon that can be seen in the stagnant wage figures of workers around the world despite growing corporate profits and productivity.

MORE FROM OUR PARTNERS

THE NEXT ECONOMY

[Revisiting a Jim Crow-Era Guide for Traveling While Black](#)

[The Unfair Opacity of Credit Cards Peddled to the Poor](#)

[Immigrants or Executives: Who's to Blame for Wage Stagnation?](#)

Persistent patterns of wage inequality, especially among the poorest workers, can seriously damage global efforts to eradicate poverty. The study notes that between 1990 and 2010, in many developing nations, the bottom 40 percent of earners saw their wages grow more slowly than the national average. Had their wage gains simply kept pace with the national averages, 200 million fewer people would be living in extreme poverty around the world. Currently, the number of people classified as living in extreme poverty, which amounts to surviving on less than \$1.90 per day, is around 700 million.

Share of GDP Going to Workers in Rich, Upper-Middle, Lower-Middle, and Poor Countries



Oxfam

Productivity Is Increasing, but Wages Aren't



Oxfam

Taxes also play a pretty big role in the discrepancies, according to the report. Wealthy clients can hire financial advisors, accountants, and other pricey professionals to help them navigate the tax system, using loopholes to sock their money away in tax havens. Such efforts have helped keep nearly \$8 trillion of money untaxed in offshore accounts, the study finds. Taxing that money isn't just a matter of fairness, the report argues: The lost public revenues means less money for government programs that aid the poorest and neediest, allowing gaps in education, health care, and quality of life to persist and even grow.

To build an economy that distributes its wealth more evenly, the researchers suggest creating a stronger system of taxation that prevents trillions of dollars from being pulled out of circulation via offshore accounts and allows companies to reduce their tax liabilities via loopholes. The report also suggests that politics needs to change, diminishing the power that companies exercise through tools like lobbying and patents, which can decrease competition and raise prices.

It's in everyone's interest to fix the problem of economic inequality, even

those who are thriving amid the increasing inequality. The study notes that prolonged periods of a widening wealth gap are bad for entire countries, as they can stunt overall economic growth. In a still-fragile global economy, that threat's a problem for everyone, not just those suffering at the bottom.

ABOUT THE AUTHOR



GILLIAN B. WHITE is a senior associate editor at *The Atlantic*.

 [Twitter](#)  [Email](#)