

INEQUALITY ILLUSION

Oxfam pulling the wool over eyes on real world wealth

Leon Louw: Oxscam's deception boils down to defining wealth as listed shares 'the rich' happen to own personally

Activists of global anti-poverty group Oxfam mock world leaders at a world climate change conference in France. Picture: REUTERS

The cellular phones of half the world's population are worth more than the combined wealth of the world's billionaires.

Why is that not headline news? Why no coverage of the fact that poverty and inequality are at lower levels than ever? Why no excitement about humanity's greatest accomplishment: the alleviation of destitution and disease to previously inconceivable levels?

Why, instead, do the same hysterical lies and exaggerations regurgitated by Oxfam activists at annual Davos meetings cause a media frenzy? Why the uncritical assumption that they say something true, new and newsworthy and that their fake numbers are real? Why their licence to spew spurious absurdities to the effect that a few billionaires are wealthier than half the world's population, and that SA is similarly skewed?

The appetite for Oxfam flimflam vindicates the media adage that bad news is good news. To see through the Oxfam scam — the Oxscam — imagine a sports field with 100 people on the far left goal line. It represents zero wealth and absolute equality. The right-hand goal line, call it 1,000, represents extreme wealth.

When two "entrepreneurs" rise above zero by making something, they cause "inequality" without harming anyone. Five more follow causing "growing inequality". They "create jobs" for 20 "workers" who rise above zero. People concerned about poverty, especially the declining few at zero, welcome the process.

As the richest few approach the 1,000 line, the size of the "middle class" entering the rich half behind them grows, causing wealth to be "concentrated in the hands of the rich". According to Oxscam's logic, such poverty alleviation is evil.

Since our field, like the real world, has wealth justly "distributed" between zero and 1,000, with a declining proportion at zero, How does Oxscam fabricate the illusion of 1% owning more than 99%? Oxscam starts by assuming that Forbes estimates of share ownership accurately identify "the rich" and that Credit Suisse indebtedness estimates measure everyone's "wealth". Neither source attributes to its data what Oxscam presumes.

By comparing the two, Oxscam creates the illusion that the world's indebted rich are poorer than its poorest people. Oxscam assigns zero value to virtually all wealth except that of "the rich". It excludes such state-derived wealth as housing, pensions, hospitals, roads, amenities and schools; and such private wealth as fridges, houses, cars, phones, tools, clothes and furniture; and such wealth as jobs and incomes with which people buy entertainment, food, beverages and holidays.

An honest estimate of real world wealth distribution would show that the aggregate wealth of the rich few is a tiny fraction of what the poor billions own directly and indirectly.

Oxscam's deception boils down to defining wealth as listed shares "the rich" happen to own personally. Three South African billionaires are trumpeted as owning more than half the population, yet just one entity owned by 2-million public servants, the Public Investment Corporation, has under its control three times more assets than their combined wealth. What our few billionaires and multimillionaires own is clearly a small fraction of what "the masses" own.

Entrepreneurial wealth is not in vaults waiting for governments to redistribute. It is invested in ways that provide the poor with jobs, goods and services.

None of this denies the need for policies to improve prospects for the poor. To that end, the government should do the opposite of what Oxscam recommends.

• *Louw is executive director of the Free Market Foundation*