

Interview with Sofía M arroquín, representative of the North Zone of Oxfam-Intermon and President of the NGO Coordinator of Euskadi

Why an Observatory for a fair distribution of wealth?

The accumulation of wealth in a few hands, the increase in inequalities and the abysmal differences between those who have more and the poorest end of the population, are the reflection of a social and economic model that is clearly ineffective and unfair, and that does not allow to millions of people around the world to enjoy a decent life.

From the public and private sphere, social organizations, research centers, universities, and various entities, we have approached this reality from the To Share Observatory for a fair distribution of wealth, with the aim of identifying the keys that generate and perpetuate this situation, share knowledge and experiences, and offer different views on a reality that challenges us and against which we want to propose solutions and proposals.

Why is the accumulation of wealth and the inequality it generates a problem?

As of 2014, economic recovery begins after the crisis. This recovery has not occurred equally in all cases and, for example, in 2018 the 1% of the richest people in Spain accounted for 12 of every 100 euros of wealth created, while the poorest 50% of the population had to distribute 9 out of every 100 euros. Also in 2017, the number of ultra millionaires (whose net assets exceed 40 million euros) grew by 4%, while the number of households without income increased by about 16,500.

Spain is the fourth most unequal country in Europe (behind Bulgaria, Lithuania and Latvia), and also presents a worrying phenomenon: inequality is aggravated because there is more immobility at the extremes, that is, it is more difficult to get out of poverty and wealth stays longer in the same hands.

In our environment, neither the employment nor the redistributive policies of the state are enough to get out of poverty, and the richest people have mechanisms that allow them to monopolize opportunities and privileges.

This immobility in the poorest and richest extremes shows that there are pockets of poverty against which not enough is done, while there are mechanisms that overprotect the upper classes, eroding equal opportunities.

In this context, there is an additional phenomenon: the middle classes, especially the families of medium-low incomes, face an increased risk of impoverishment.

1

The more unequal a society is, the lower the social mobility.

The education system does not allow equal opportunities and the labor market is plagued by jobs with little added value and is characterized by low salaries and high levels of precariousness. The most desired jobs, with better conditions, are disproportionately hoarded by people from households with higher incomes.

What are the proposed solutions?

Households with medium and low incomes usually have two sources of income: salaries and public transfers from the social protection system. The weaknesses present in both sources of income are those that explain the inability of our society to redistribute income by reducing poverty.

In our country, 13.1% of working people live below the poverty line. Salaries are low and employment is also precarious and unstable.

Reducing the inequality caused by the labor market and the economic structure involves to increasing the weight of wages in GDP, increasing lower wages and reducing precariousness, paying particular attention to women as the most affected group by these inequalities. In addition, it is necessary to improve the occupational structure, gradually increasing the weight of positions of greater productivity and added value.

The social protection system is clearly ineffective and inefficient when it comes to reducing poverty. The contributory nature of most social benefits leads to social protection reproducing inequalities in the labor market. This situation, together with a scarce social assistance model, fails to protect the most vulnerable people, resulting in a highly regressive social protection system that only removes one out of every four people from poverty.

It is necessary to improve the income guarantee system, increase pensions, especially non-contributory ones, and increase investment in social protection, with special attention to housing, social exclusion and childhood.

Finally, we need a fair and progressive fiscal model that generates enough resources to finance public policies and that fulfills its redistributive function.

Our fiscal pressure should approach the average fiscal pressure of the euro zone, taxing

more to those who have more (large fortunes and large companies), moving the fiscal effort from consumption and work, to the accumulation of wealth and capital.

In addition, it is vital to fight against tax evasion and avoidance, through a blacklist of objective and ambitious tax havens, a tax system that ensures that large companies pay a sufficient and fair rate, and the implementation of a tax on digital services and financial transactions.