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Pratham

How corporate power divides our world and the need for a new era of public action

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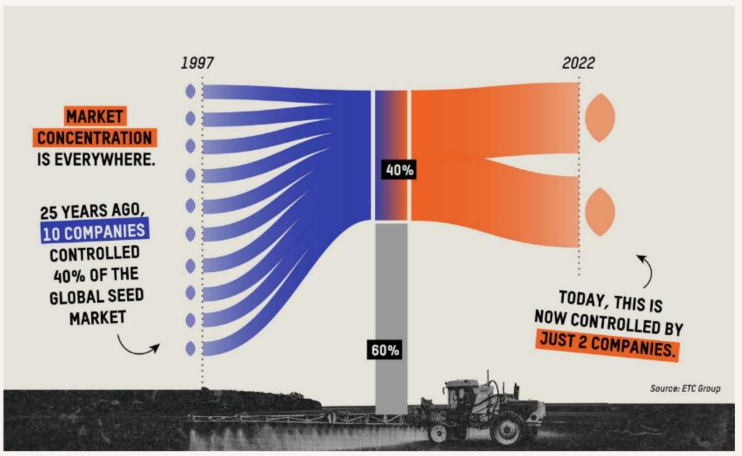
Introduction:

Since 2020, the fortunes of the world's five wealthiest men have doubled, exacerbating global inequality as nearly five billion people fall into poverty. This disparity is fueled by concentrated corporate power, with billionaires holding key positions in 34% of the largest public corporations, commanding a total market capitalization of US$13.3 trillion. Corporate dominance dictates market dynamics, wage levels, and access to essential goods, intensifying inequality. The report highlights how corporate power divides our world and establishes the need for a new era of public action. Corporate earnings soar during catastrophes like the pandemic, wars, and climate breakdown, providing windfall profits in the billions to oil and gas titans, luxury brands, and financial corporations. The disproportionate accumulation of wealth in the Global North, which has been maintained by previous colonial exploitation—best illustrated by the UK's US$45 trillion extraction of Indian wealth during colonial rule—is indicative of the relationship between corporate dominance and extreme wealth. Global protests are sparked by this wealth gap, and in 2022-2023, they encompass 122 countries and territories. Examples of these protests include large-scale strikes and rallies in Kenya and by Amazon employees in 30 countries. These protests highlight how urgently systemic changes are required to reduce corporate control and promote a more just global economy.



Key Findings:

Corporations wield their power to maximize shareholder returns, perpetuating inequality in four key ways:

- **Rewarding the Wealthy, Not Workers:** Corporations exacerbate social discontent and inequality by cutting salaries and giving profits to the very wealthy. The International Labour Organization (ILO) called attention to a historic fall in real wages in 2022, noting that women and marginalized populations were disproportionately affected. As unpaid care responsibilities rise and gender wage discrepancies deepen, workers are exploited and their responsibilities are avoided. Corporate lobbying opposes unionization and worker safety improvements, as evidenced by the EU's demand for Brazil to allow access to the pesticide market.

- **Dodging Taxes:** Corporations evade taxes through aggressive planning, tax havens, and incentives, reducing their tax burden to near-zero levels. Despite global efforts like the OECD's BEPS Inclusive Framework, which aimed to set a minimum effective corporate tax rate at 15%, concerns persist regarding representation of Global South countries and loopholes undermining the effectiveness of tax policies. This tax evasion deprives countries of vital revenue for public services, as exemplified by Morocco where tax incentives exceeded the entire health budget for 2021.

- **Privatizing Public Services:** Corporate infiltration into public services commodifies and segregates essential sectors like education, water, and healthcare, creating a trillion-dollar industry. Racial, gender, and caste disparities are made worse by privatization. For example, pension reforms in Latin America and Eastern Europe exacerbate income and gender inequality, while Dalits in India suffer astronomical costs for private healthcare and education.

- **Driving Climate Breakdown:** Many billionaires' profits from activities that emit greenhouse gasses, influencing climate policies while failing to adopt meaningful emissions reduction measures. Despite initiatives like the SBTi and UN's NetZero Emissions Commitments, corporate 'net-zero' plans often amount to greenwashing. Oxfam's 2022 analysis revealed that billionaires emit three million tonnes of CO_2 annually through investments, highlighting their significant contribution to climate breakdown.

Conclusion

In conclusion, the report highlights the necessity of effective government regulation and reimagining of the private sector to achieve equitable outcomes. In this era of monopolistic dominance, the challenge extends beyond weak competition to the excessive concentration of private wealth and power, lacking sufficient public oversight. To counter this, we must confront monopolists and restore balance by addressing extreme wealth concentration and reinforcing democratic principles. Measures include breaking up private monopolies, preventing excessive corporate expansion, democratizing intellectual property, ending knowledge monopolization, halting public utility privatization, and enhancing public control.

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