



Business Must Take Up the Fight Against Inequality

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Since the dawn of this century, two epic struggles have vexed political leaders, businesspeople and economists on the global stage.

The first has been the battle over globalization, which has been waged everywhere from the “Battle in Seattle” trade protests in 1999 to the ongoing “clash of civilizations” with the Islamic State in the Middle East.

The second has been the fight over the roles of the large global institutions that have come to define the post-Second World War era, among them the United Nations, NATO, the World Bank, the International Monetary Fund and the World Trade Organization.

What is there to show for these battles?

By almost any measure, globalization is fine, although technology has changed its shape and structure. Last year, world merchandise trade posted its largest increase in six years and it is expected to remain strong this year. The flows of technology and know-how into and out of developing nations, where more than 80 per cent of the world’s population lives, are increasingly powerful. China’s share of global exports in electronics and electrical products grew from 7.6 per cent in 2000 to 34 per cent in 2016.

Foreign direct investment into emerging markets, at US\$671-billion, continues to be robust, and the growth rate of imports into developing nations more than tripled, to 7.2 per cent, last year.

The number of new internet users is growing by roughly four million a week, even though one can argue about the quality of access. Much of that growth is in the developing world, where it helps to speed ideas frictionlessly in and out of countries. In fact, later this year, we are expected to pass the point where more than half the world’s population is online.

Global pacts such as the Paris Accord on climate change face setbacks, even as the private sector in the United States almost unanimously supports it and we see other initiatives, such as Europe’s new data privacy and protection law, the General Data Protection Regulation, create new global norms.

The prognosis for the world’s cornerstone institutions is likewise reassuring.

Global institutions are under stress to varying degrees and need to adapt, but it should be clear by now that they are resilient. Everywhere, one finds complaints and calls for reforms, but not calls for repudiation or replacement.

The World Bank, for example, was just given a US\$13-billion paid-in capital increase. This was on the back of organizational reforms, not resignations, by member nations. China has come to the defense of the WTO, and Point No. 1 at the recent WTO plenary was “the WTO is obviously an important institution and it does an enormous amount of good.” The quote came from a key member of an American administration that has been defined by complaints over trade fairness.

Important debates about efficacy or fairness are not existential crises and, if anything, the world needs these institutions more than ever.

When business and political leaders meet at the Conference of Montreal, they should instead be worried about the slow-moving, long-term challenges that are larger than culture clashes or wars or institutions. Several are pressing.

The work on our environment and cities, of course, needs national, subnational and even more corporate support. Climate change, however, at least has the advantage of being well-defined in global debates by now. The most difficult and pressing global issue – one that is too often met with shrugs of resignation – is inequality. It is time for business, in particular, to join the cause.

Inequality should be penciled in as a mainstay of conference agendas whether one is in Montreal, Washington, Paris, Cape Town or Beijing. Why? If inequality is not addressed, every other problem on the global agenda can become harder to solve.

So many steps, large and small, could make a difference. Companies are starting to make a living wage part of their social-responsibility agendas, especially now that hiring is taking place near full employment in some countries. Schools in the developing world could ensure that young girls have equal, affordable access to education. Multinationals should insist that women are treated equitably in the small enterprises and farms that make up their supply chains.

Even a small act, such as making corporate Wi-Fi bandwidth available to neighbourhoods during non-business hours, could empower the dispossessed and young students and improve their access to education through online courses at universities such as MIT and other schools available to their peers. So much can be done.

Amid all the noise and strife of globalization debates, we still live in a world where the richest 1 per cent control half the wealth. Unfortunately, the concentration of wealth is increasing. This not only can corrode our civic life, but it frays our economic fabric and slows down growth in the long run as well.

Among all the global fights to be had, this is one worth joining.