Billionaires in a just society

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The Forbes list of Filipino billionaires (in US dollar terms) is out, with familiar tycoons keeping their perch while registering significant gains in net worth. A few more billionaires are in the list this year—15, up from 11 last year. The increased wealth of the country’s richest was reportedly due to the “ongoing consumer boom, a surge in tourism and outsourcing, a stock market that gained 17 percent in the past year, and economic growth of 6.4 percent in the last quarter.”

Meanwhile, I just came from the other side of the world, in Dayton, Ohio, for a conference on Renewing Mission and Identity in Catholic Business Education. Business management educators gathered for the three-day affair to tackle the issue of how Catholic business education is advancing the common good. I came away from the conference excited by the progress being made by various Catholic business schools around the world in forming their students around the values of charity and justice. This is much needed given the persistent social inequality and economic despair in many parts of the world today.
I couldn’t help raising an eyebrow, therefore, when I read about the increase in billionaire wealth and individuals in the Philippines. This was, after all, in the wake of a recently released Asian Development Bank (ADB) report which found that after sustained economic growth over the 2000s, the Philippines has left out most sectors of its population from this growth.

Our country is getting better at producing more billionaires and making existing ones even wealthier while so many remain poor. Why is this happening? The Forbes article says it all. Billions are being made in the consumption industries, low value services, outsourcing and the financial markets. These are among the least inclusive areas for wealth creation. How many of the poor can improve their lot by working in the retailing sector, for example, which is plagued by rampant labor exploitation practices? How many of the poor can work in call centers or invest in the stock market? Not many.

Economists Marco Mariotti and Roberto Veneziani, in a recent academic working paper entitled Opportunities as Chances, proposed a new social objective that I believe should replace the current preoccupation with maximizing the wealth for individuals, as exemplified by the Forbes list. Instead, they argue that societies should “maximize the chance that everybody in society succeeds.” They present a clever mathematical model which elaborates their proposed objective. Suffice it to say that in their view, a society that can produce dozens of billionaires while condemning even one individual to a life without a chance of personal upliftment is the worst possible society. The idea is to give the highest chances for success to everybody while ensuring that such success will not eliminate the chances of someone else.

How can our existing and aspiring Forbes billionaires create more wealth which maximizes the chances for everybody? KunioSenga of the ADB and Emmanuel de Dios of the University of the Philippines give useful ideas on the way forward. Citing the ADB report Taking the Right Road to Inclusive Growth, they push for more job creation of the right kind. They argue that “providing employment for the growing mass of skilled and unskilled working-age population . . . requires . . . a stronger and more diversified industrial base [and is] the only way to better ensure that the benefits of growth are shared by all.” Indeed, the manufacture and export of high-productivity goods can better use the bountiful labor resources of the poor. Decent labor arrangements can then convert this to prosperity for the workers and their families.

To our growing number of billionaires: What are you waiting for? The common good awaits.

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