

# OECD reports growing inequality worldwide

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On Wednesday, the Organisation for Economic Cooperation and Development, representing 34 developed nations, issued its latest report. It confirms that social inequality in most industrialised nations has grown significantly since the world economic crisis broke out in 2007-8.

In its 2011 report *Divided We Stand* the OECD documented that the gap between rich and poor had widened continuously in the three decades preceding 2008. Its latest report confirms that this process accelerated between 2007 and 2010.

The conclusion to the eight-page OECD document reads: “Many countries entered the global economic crisis already facing the highest levels of income inequality since OECD records began.” Increased levels of unemployment and reduced incomes for normal households mean that in “the first three years of the crisis, inequality in income from work and capital increased as much as in the previous twelve.”

The OECD report reveals that, after tax, the wealthiest 10 percent had been able to increase their wealth from 9 times as much as the poorest 10 percent in 2007 to 9.5 times in 2010.

The report notes that from the 33 countries providing data, “the top 10 percent has done better than the poorest 10 percent in 21 countries.” The widest gaps between rich and poor were registered in Chile, Mexico, Turkey and the United States.

A section of the report titled “The pain was not shared evenly” explains that the most significant change in income status took place among the poorest 10 percent, which lost income between 2007 and 2010 at a rate of 2 percent per year.

Many of the countries recording the most dramatic increases in inequality are European nations which have been subjected to punitive austerity measures by the European Union and International Monetary Fund. The OECD report singles out Spain and Italy, where

the income of “the poorest 10 percent was much lower in 2010 than in 2007.”

Five percent falls in income (per annum) amongst the poorest 10 percent were also recorded in Greece, Ireland, Estonia, and Iceland. The only non-European nation with a comparable level of income decline was Mexico.

The report also states that over the same period, poor families in the United States, Italy, France, Austria and Sweden all recorded income losses in excess of the OECD average.

Having dealt with the trend towards growing inequality on a nation-by-nation basis, the report goes on to reveal that the social groups hardest hit by growing poverty are children and young people. The report declares: “Households with children were hit hard during the crisis. Since 2007, child poverty increased in 16 OECD countries, with increases exceeding 2 points in Turkey, Spain, Belgium, Slovenia and Hungary.”

The picture is similar with regard to youth poverty, which “increased considerably” in no less than 19 OECD countries. Spain, Turkey, Estonia, the United Kingdom, Ireland and the Netherlands were among the countries with the highest increased rates of youth poverty.

In the report’s conclusion, the OECD warns that its latest statistics run to the end of 2010 and “only tell the beginning of the story.” Even more dramatic levels of social inequality, the report writes, were only prevented by the social state provisions available in many countries, particularly in Europe.

In fact, these social state provisions—such as unemployment pay, health insurance, and pensions—have been under continual attack since 2010, as European governments imposed wave after wave of social cuts and austerity measures demanded by the banks. The report intimates that in fact the social

inequality gulf has widened even more dramatically in the past three years since 2010.

Commenting on the massive rise in social inequality in Britain, where the elite has achieved an above-average increase in its share of national wealth during the past five years, OECD senior analyst Michael Förster warned: “The concern is that inequality will rise much more once the full impact of public spending cuts is felt.”

The OECD report confirms that the international economic crisis of 2007-8 is being deliberately exploited to achieve a fundamental restructuring of class and economic relations across the globe.

A tiny elite within the wealthiest 10 percent has been able to hugely multiple their portfolios in the past five years. Fuelled by gigantic infusions of paper money from the world’s leading central banks, major stock markets, including Wall Street and leading European markets, are hitting new record highs. The financial elite which brought the world to the brink of disaster in 2008 has even more funds at its disposal to pursue various, essentially criminal forms of speculation.

At the same time, a systematic campaign is being waged by governments all over the globe to wipe out all the social gains achieved by the working class in decades of struggle. A huge pool of impoverished workers is being created at the base of society in developed industrial countries, to slash wages for the rest of the working class and compete with low-cost economies in Asia and Eastern Europe.

The implementation of mass structural impoverishment was confirmed by the most recent jobs report for the US. The report showed that most new vacancies are in low-paid service industries which provide either minimal or no social and health insurance.

The trade unions are complicit in this campaign, playing a leading role in the elaboration and implementation of austerity. In his comments on the expansion of social inequality, OECD analyst Förster paid especial tribute to the German “model of social partnership where trade unions were always at the table, asking for very modest wage increases.”

Many of the structural changes to international labour relations now demanded by the financial elite—hire and fire, cheap wage labour, and the destruction of worker’s rights—were pioneered by the German unions

a decade ago.

The result is staggering wealth on one side and destitution for broad layers of the rest of society. This is the “new normal” of modern capitalism.



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