

Oxfam report: As millions face starvation food giants' profits soar

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Hundreds of millions of people around the world are being hit by unprecedented food price inflation and shortages and are confronting outright starvation. But the giant companies that dominate food production and distribution are raking in money like never before.

The food crisis, resulting from total subordination of the means of life to capitalist profit, forms a centrepiece of the latest update on global inequality prepared by the UK-based aid agency Oxfam. This is in advance of the World Economic Forum meeting, the gathering of the world's economic and financial elites, being held in Davos, Switzerland, this week.

The inflationary food crisis, set off as a result of the refusal of capitalist governments to take action to eliminate the COVID-19 pandemic, has been intensified by the US-led NATO proxy war against Russia in Ukraine.

Last week UN Secretary-General Antonio Guterres said global hunger levels were at a new high, with the number of food insecure people doubling from 135 million to 276 million in the past two years.

With the supplies of fertilisers and other agricultural inputs severely disrupted, the crisis has no end in sight.

The latest Oxfam report details how global agribusinesses, as well as the energy companies, are profiting out of this human misery.

Global food prices have risen by 33.5 percent in the past two years and are expected to rise by another 23 percent this year. March recorded the biggest leap in food prices since the UN began collecting food price data in 1990.

“Corporations and the billionaire dynasties who control so much of our food system are seeing their profits soar,” the report said, noting that 62 food billionaires had been created in the last two years.

The report directed particular attention to the global food giant Cargill, one of the world's largest private

companies and one of four firms that control more than 70 percent of the global market for agricultural products.

The combined wealth of Cargill family members has increased by \$14.4 billion since 2020, a rise of 65 percent. It grew by almost \$20 million a day during the pandemic, driven by food price rises, especially for grains.

The company had a net income of \$5 billion during 2021, the biggest in its history, and paid out \$1.13 billion in dividends, largely to family members. It is expected to make record profits again this year.

Cargill is not the only one raking in the money. One of its main rivals, the agricultural trading firm Louis Dreyfus reported that its profits surged by 82 percent last year, on the back of rising grain and oilseed prices.

At the other end of the food supply chain, Oxfam noted that the US supermarket chain Walmart paid out \$16 billion last year in the form of dividends and share buybacks to holders of its stock. Just 5.9 percent of an average basket of groceries went to small-scale farmers.

The average annual salary for the Walmart employee is just \$20,942 but if the money handed out to shareholders was devoted to the company's 1.6 million employees average wages would rise to \$30,904 per year.

The other major beneficiaries of the inflation crisis, driving down the living conditions of workers all over the world, are the major oil companies, which have doubled their profit margins in the two years of the pandemic. The price of crude oil has risen by 53 percent over the past year and natural gas by 148 percent. The energy price hikes are a significant contributor to the rise in food and transport costs.

“The companies that are part of the world's energy supply chain are making a killing [quite literally in view of the threat of starvation] out of these prices increases. Over the past year, profits across the energy sector have increased by 45 percent ... Billionaires in the oil, gas and coal sector have seen their wealth increase by \$53.5

billion [24 percent] in real terms in the past two years,” the report said.

The same picture is revealed in the pharmaceutical industry where the pandemic has resulted in the creation of 43 new billionaires, “profiting from the monopolies their companies hold over vaccines, treatments, tests and personal protective equipment.”

When such issues are raised, the reply of the “free market” defenders is that this wealth is the justifiable “reward” for entrepreneurship and spending on research without which the development of new drugs and vaccines would not take place.

This has always been a lie and never more so. As the report noted, most of the fortunes of the new pharma billionaires “is thanks to billions in public funding—for instance, from R&D grants and procurement” by governments.

Moderna, whose only product is a COVID-19 vaccine, has a 70 percent profit margin. “It has been immensely successful in turning \$10 billion government funding in the US ... into around \$12 billion vaccine profits to date.”

The company has created four vaccine billionaires with a combined personal wealth of \$10 billion, while just 1 percent of its vaccines have gone to poorer countries. At the same time, it has refused to cooperate with efforts to establish local manufacturing in low- and middle-income countries.

The story is the same at Pfizer. The profit margin on its vaccine is 43 percent and last year it paid out \$8.7 billion in dividends. In order to protect its profit flow, Pfizer has joined with other pharmaceutical companies to prevent the waiver of intellectual property rights that would see vaccine prices fall sharply. Millions of dollars have been spent on lobbying operations to try to prevent this happening.

In its overall analysis of the inflationary crisis and the explosion of billionaire wealth, the report noted that billionaires have increased their wealth as much in 24 months as they did in the previous 23 years, with those in the food and energy sectors increasing their fortunes by a billion dollars every two days.

A new billionaire “has been minted on average every 30 hours during the pandemic,” while in the same amount of time one million people are being pushed into extreme poverty.

It noted that the increase in billionaire wealth has resulted from the injection of trillions of dollars into the financial system. On top of this, there has been a “profit bonanza” and the strengthening of monopoly control over

the economy with estimates that in the US “expanding corporate profits are responsible for 60 percent of increases in inflation.”

The report continued Oxfam’s advocacy for a series of wealth taxes, noting that a progressive wealth tax starting at 2 percent for those with wealth above \$5 million and rising to 5 percent for wealth above \$1 billion could generate \$2.52 trillion worldwide, enough to lift 2.3 billion people out of poverty and provide health care for 3.6 billion people in lower income countries.

Such calculations are valuable inasmuch as they demonstrate there are more than sufficient resources available to reconstruct the global economy on the basis of social equality. But the political perspective being presented, namely that reasonable measures can be advanced to convince the ruling elites to change course, is bankrupt.

In fact, it is refuted by some of the concluding comments in the report: “Oxfam is above all underlining that the rapid rise in billionaire wealth today and the cost-of-living crisis faced by billions of people are one and the same phenomenon. This is not something that is just happening on their watch but that has been deliberately crafted with their support.”

This makes clear the pursuit of a reformist perspective aimed at trying to convince capitalist governments, the servants of this oligarchy, to somehow change course is futile. The only viable and realistic policy is the political struggle by the working class in every country for the program of international socialism, so that the wealth produced by the labour of billions can be utilised for their social advancement.



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