

Oxfam report documents “explosion of inequality” during pandemic

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17 January 2023

In the face of an unending pandemic, war and inflation, the wealthiest people and multinational corporations on the planet became “dramatically richer,” driving an “explosion of inequality,” according to the latest report from the UK-based charity Oxfam.

In the report, titled “Survival of the Richest” and delivered ahead of the World Economic Forum meeting in Davos, Switzerland, the charity documents an enormous concentration of wealth in the hands of a tiny corporate and financial oligarchy.

The report refers to what it calls a “global polycrisis” developing throughout the world. It states:

Tens of millions more people are facing hunger. Hundreds of millions more face impossible rises in the cost of basic goods or heating their homes. Climate breakdown is crippling economies and seeing droughts, cyclones and floods force people from their homes. Millions are still reeling from the continuing impact of COVID-19, which has already killed over 20 million people. Poverty has increased for the first time in 25 years.

In the midst of this social catastrophe, the report notes that “the very richest have become dramatically richer and corporate profits have hit record highs.”

In the first page of its executive summary, Oxfam lays out the following staggering facts:

- Since 2020, the richest 1 percent have captured almost two-thirds of all new wealth—nearly twice as much money as the bottom 99 percent of the world’s population.
- Billionaire fortunes are increasing by \$2.7 billion a

day, even as inflation outpaces the wages of at least 1.7 billion workers, more than the population of India.

• Food and energy companies more than doubled their profits in 2022, paying out \$257 billion to wealthy shareholders, while over 800 million people went to bed hungry.

• Only 4 cents out of every dollar of tax revenue comes from wealth taxes, and half the world’s billionaires live in countries with no inheritance tax on money they give to their children.

- A tax of up to 5 percent on the world’s multimillionaires and billionaires could raise \$1.7 trillion a year, enough to lift 2 billion people out of poverty, and fund a global plan to end hunger.

The extreme growth of social inequality continued through the pandemic, though there was a slight dip in the wealth of the oligarchy last year due to the increase in interest rates by central banks aimed at beating back demands for higher wages by workers.

In a stunning graph, Oxfam shows that the top 1 percent siphoned 63 percent of all new wealth created, more than \$26 trillion between 2020 and 2021. The top 9 percent below them gobbled up 27 percent of all new wealth, a bit more than \$11 trillion, leaving only 10 percent, or about \$5 trillion, for the bottom 90 percent, or 7.2 billion people.

Based on these figures, one can only conclude that the pandemic, which is a massive catastrophe for hundreds of millions of people, has been a bonanza for the rich.

This concentration of wealth has been facilitated by capitalist governments. Citing a study conducted by the Research School of International Taxation (RSIT), which covers 142 countries, Oxfam notes that governments throughout the world have reduced taxes on corporations, while increasing Value Added Taxes

(VAT) or consumption taxes, which disproportionately affect the incomes of workers and the poor.

For every \$1 of tax revenue, 44 percent was generated via VAT or consumption taxes in 75 countries measured by RSIT from 2007 through 2019. Corporate income taxes, meanwhile, accounted for only 14 percent of tax revenue, 4 percentage points less than payroll taxes.

Notably, Oxfam reported that for the first time in 25 years, there was an increase in wealth inequality and poverty “simultaneously.” In another “first,” the United Nations Human Development Index—which measures life expectancy, expected years of schooling and inequality within a country—fell in 9 out of every 10 countries in either 2020 or 2021.

No matter where they live, workers around the world have had to contend with skyrocketing inflation, which Oxfam, using data from the International Labor Organization, estimated wiped out “\$337 billion” in wages from workers last year. Revealing the global character of the crisis, Oxfam conducted an analysis of wage data from 96 countries in 2022 and found that at least 1.7 billion workers, nearly a quarter of humanity, live in countries where inflation is outpacing wage growth, driving up inequality and poverty.

In contrast to the claims of US President Joe Biden and other leaders of the major capitalist countries, the authors of the report squarely place the blame for once-in-a-generation inflation on corporate profiteering. Noting that this began well before the pandemic, Oxfam writes that global Fortune 500 firms increased their profits by 156 percent, from \$820 billion in 2009 to \$2.1 trillion in 2019, and that this trend has only accelerated.

The report reveals that price increases are bound up with the fact that a small number of corporations have “effective oligopolies,” allowing them to “maintain high prices,” while passing on savings when the costs fall to “shareholders rather than consumers.”

The charity analyzed the profits of the largest 95 food and energy companies in the world and found that “Corporate price profiteering is driving at least 50 percent of inflation in Australia, the US, and Europe, in what is as much a ‘cost-of-profit’ crisis as a cost-of-living one.”

In its report, Oxfam notes that in response to widening inequality, the vast majority of governments

around the world, 95 percent, have not increased taxes on the rich. Instead, they “either did not increase, or even lowered, taxes on rich people and corporations.”

That is, instead of enacting hugely popular policies to lessen inequality, capitalist governments the world over have foisted the “polycrisis” onto the back of the working class, while enriching a parasitic few.

The Oxfam report states that beyond starving society of resources, the corporate and financial oligarchy is a massive factor in precipitating and intensifying the crisis. It notes that “the richest are key contributors to climate breakdown,” explaining that “a billionaire emits a million times more carbon than the average person...” It adds that “the very existence of booming billionaires and record profits, while most people face austerity, rising poverty and a cost-of-living crisis, is evidence of an economic system that fails to deliver for humanity.”

The facts and details presented in the report should be studied by every worker. However, as a liberal reformist organization, Oxfam evades the fundamental issues. It presents as a panacea a “one-off solidarity wealth tax,” which would eventually lead to “permanent tax increases,” with the goal of eventually eliminating billionaires.

Such a proposal ignores two fundamental facts: 1) Those who have used their power to accumulate their wealth, and who control capitalist governments throughout the world, are not going to just give it up; and 2) The massive concentration of wealth is rooted in capitalist relations of production, based on the exploitation of the working class for corporate profit.

There is no solution to the crises confronting mankind without a frontal assault on the wealth and power of the corporate and financial oligarchy. But the power of this oligarchy can be broken--and will be broken-- and its ill-gotten fortunes expropriated only through a massive social movement of the working class, which has as its aim the conquest of state power and the reorganization of all of social and economic life on the basis of equality and socialism.



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