

# Oxfam report: A devastating indictment of monopoly power and inequality

**Nick Beams****16 January 2024**

As the gathering of the global elites at the annual World Economic Forum meeting in Davos, Switzerland gets underway, the international aid agency Oxfam has published a devastating report on the escalation of inequality.

It shows how the enormous growth of corporate power and wealth is reshaping the world, producing social devastation for billions and the accumulation of fabulous wealth for a handful of oligarchs.

The report begins by noting that since 2020 the world's five richest men have more than doubled their fortunes, at the rate of \$14 million per hour, from \$405 billion to \$869 billion, while almost 5 billion people, over half the world's population, have been made poorer.

Speaking on the report, Oxfam interim Executive Director Amitabh Behar said: "We are witnessing the beginnings of a decade of division, with billions of people shouldering the economic shockwaves of pandemic, inflation and war, while billionaires' fortunes boom."

"This inequality," he continued, "is no accident; the billionaire class is ensuring corporations deliver more wealth to them at the expense of everyone else."

Importantly, he also pointed to a trend which was emphasised in the New Year perspective statement of the *World Socialist Web Site*—the role of corporate power and concentration, not just the growth of individual wealth, in undermining all democratic structures and paving the way for extreme right-wing and fascist regimes.

"Runaway corporate and monopoly power," he said, "is an inequality-generating machine: through squeezing workers, dodging tax, privatizing the state, and spurring climate breakdown, corporations are funneling endless wealth to their ultra-rich owners.

"But they're also funneling power, undermining democracies and our rights."

The opening chapter of the report, headlined "A new gilded age of division" highlighted the enormous growth of corporate concentration and profit in contrast to the "brutal world" for billions of people confronted with the "grinding reality" of the rising cost of food and other essentials.

It noted that 4.8 billion people are today worse off than they were in 2019, prices outpacing pay the world over, "with hundreds of millions of people seeing their wages buy less each month and their prospects for a better future disappear."

This has meant that in the past two years some 800 million workers have lost \$1.5 trillion because their wages have fallen behind inflation, equivalent to near a month (25 days) for each worker. Of the 1,600 largest corporations worldwide, only 0.4 percent of them have committed to paying workers a living wage and supporting a living wage in their value chains.

For billions of people in lower-income countries, a new era of colonialism has arrived. The exploitation of the masses, which used to be carried out by direct control, has been replaced by the seamless, and even more efficient, operations of the global financial system.

In the words of the report, as governments find it impossible to stay afloat: "Low- and lower-middle-income countries are set to pay nearly half a billion US dollars a day in interest and debt payments between now and 2029, and they are having to make severe cuts to spending to pay their creditors."

It details the vast increase in corporate profits at the top end, finding that the world's largest corporations had an 89 percent jump in profits for the years 2021 and 2022 compared to the period 2017-2020, as data covering the first six months of last year indicates it is "set to shatter all records as the most profitable year yet for big corporations."

Some of the numbers are: a 278 percent increase in 2023 for the profits of 14 oil and gas companies; the profits of two luxury brands up by 120 percent from the average in 2018-21; an increase in profits of 32 percent for 22 financial companies in 2023 compared to the average for 2018-21; an increase of 32 percent in the profits of 11 pharmaceutical companies in 2022 compared to 2018-21.

But even more significant than the profit increases themselves is the concentration of corporate power to an extent never before seen in history.

The report notes that the largest 0.001 percent of firms earn roughly one-third of all corporate profits.

The chapter on monopoly power was introduced with an image of the hand of a puppet master controlling the strings to point to the effect of corporate control of governments and their legislative agenda, ranging from taxation policy to corporate concentration, social spending and climate change.

“We are living through a new area of monopoly power,” according to the report. “A small number of ever-swelling corporations wield extraordinary influence over economies and government with ... largely unbridled power to price gouge consumers; suppress wages and abuse workers; limit access to critical goods and services; thwart innovation and entrepreneurship; and privatize public services and utilities for private profit.”

In his introductory remarks on the report, Behar said the world had not forgotten “how pharma monopolies deprived millions of people of COVID vaccines, creating a racist vaccine apartheid, while minting a new club of billionaires.”

Monopoly power goes across the board. Would be reformers of the capitalist system, including Oxfam itself, often point to increased taxation on corporations and the wealthy as a means of ameliorating, at least to some effect, social inequality. But such proposals fly in the face of the historical record, as detailed in the report.

It says that since 1980, corporations have waged a “sustained and highly effective war” on taxation, with the result that the statutory rate has more than halved, falling from 48 percent to 23.1 percent. But this is only part of the picture, because major corporations with their lawyers and tax accountants can exploit the loopholes in the legislation, write-offs and the like, deliberately put in place to enable avoidance, and end up paying tax far below the statutory rate, or in some cases no tax at all.

On top of this there is the use of tax havens. It is estimated that about \$1 trillion in profits, 35 percent of foreign profits, were shifted to tax havens in 2022.

Another reform proposal often advanced is the break-up of monopoly power by government regulation. But as the report itself makes clear, the historical trend is in the opposite direction and that “far from being accidental, this power has been handed to monopolies by our governments.”

The degree of concentration is captured in some significant data. Ten giant “big pharma” firms have emerged from 60 over the past two decades; two global companies control over 40 percent of the global seed market, compared to ten 25 years ago; four firms control 62 percent of the world’s pesticide markets; three quarters of global online advertising is done through Meta (the owner of Facebook) and Alphabet (the owner of Google); and four companies control 74 percent of the global accounting market.

On the vital issue of global warming, the report notes that “corporate power is driving climate breakdown, in turn causing great suffering and exacerbating inequalities.”

The report continues:

Many of the world’s billionaires own, control, shape and financially profit from processes that emit greenhouse gases, and benefit when corporations seek to block progress on a fast and just transition, deny and spin the truth about climate change, and crush those who oppose fossil fuel extraction.

As with all of Oxfam’s previous reports, the conclusions it draws from the facts and figures it lays out, as well as the pronounced trends and processes it details, going back decades, stand in stark contrast to the completely empty “solutions” it advances.

In this case, where the focus is on the growth of corporate monopoly power, it advances the call to “revitalize the state.”

This is based on a fundamentally wrong conception—the notion that the state somehow stands above social classes, a kind of neutral instrument which through pressure can be made to act in the interests of society.

That conception was refuted long ago by the historical analysis of the Marxist movement going back to Marx’s remark that every capitalist government is but the executive committee for managing the affairs of the bourgeoisie.

That analysis is underscored by the Oxfam report itself. The conclusion which must be drawn by the working class is that it must seek not to reform the capitalist state or try to pressure it—that is impossible—but to take political power in its own hands and establish a workers’ state as the first step in reconstructing society on socialist foundations.



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