

# **THE INEQUALITY VARIANT: HOW THE PANDEMIC HAS ACCELERATED GLOBAL POVERTY**

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The headlines of Oxfam's 2022 wealth and inequality report could hardly be more stark. On the one hand, the world's richest ten men have doubled their wealth during the pandemic and a new billionaire created in every 26 hours. On the other hand, 160 million people have been pushed into poverty and 17 million have died from COVID-19 (Oxfam, 2022: 7). Oxfam's report, published to coincide with the gathering of government and business elites at the World Economic Forum in Davos, Switzerland, has become a bellwether of global poverty and doesn't mince its words when describing inequality as a form of 'violence' that 'kills' (Ibid). 'Inequality contributes to the death of at least one person every four seconds', says the report, with a total of 21,300 dying every day (Ibid: 8). As in previous reports, Oxfam finds the neoliberal economic system deeply racist and sexist with the pandemic preying upon existing inequalities to deepen the vulnerability of women and young girls and racialised groups. '3.4 million Black Americans would be alive today if their life expectancy was the same as White people's' (Ibid: 6), finds the report, which links contemporary inequalities with the 'historical legacies of racism, including slavery and colonialism' (Ibid: 8). And the inequities in global capitalism have also resulted in 252 men having more wealth than 'all 1 billion women and girls in Africa and Latin America and the Caribbean, combined' (Ibid: 6). The goal of achieving gender equality has been setback an entire generation to 135 years from 99 years, a situation compounded by spiking levels of gender-based violence.

## **The myth of austerity**

Following the 2008 global financial crisis, governments across Europe and North America pursued an austerity-driven programme to cut public expenditure that poured on misery to those on low-incomes already struggling in a contracting global economy. Former British prime-minister, Theresa May, famously told a nurse, who hadn't had a pay rise in eight years, on national

television during the 2017 general election campaign that ‘there’s no magic money tree’ when trying to justify pay restraint as a necessity to culling the national debt (Dearden, 2017). The myth of austerity unravelled spectacularly when \$16 trillion (Oxfam, 2022: 13) was pumped by governments across the world into a response to the pandemic in the form of corporate loans and grants, the production of vaccines, public furlough programmes, tax cuts and welfare spending. Even if many of these measures were temporary, covering periods of extended lockdowns when the global economy virtually ground to a halt, they revealed that a very different response had been possible to the lost decade of austerity that followed the 2008 crisis (Toynbee and Walker, 2020). This pain was compounded by the surge in stock market profits that resulted from governments printing money to bailout the banks in 2008 and respond to COVID-19 in 2020. As the economist Thomas Picketty argues, this resulted in ‘making the richest even richer, without resolving the structural problems of the real economy’ (2021: 298).

### **Taxation and redistribution**

The dysfunctional nature of the global economy and its parallel universes of extreme wealth and poverty were observed in what Oxfam describes as 2021’s ‘let them eat cake moment’ when the world’s richest person, Amazon owner Jeff Bezos, indulged his whim for luxury space travel (Oxfam, 2021: 8). This high-carbon pastime is a reminder that ‘20 of the richest billionaires are estimated, on average, to be emitting as much as 8,000 times more carbon than the billion poorest people’ (Ibid: 6). As Picketty suggests ‘The challenges of climate change and the rise in inequalities can only be resolved simultaneously’ (2021: 275). Rather than ‘fuelling the financial bubble’, he argues, ‘monetary creation’ should be ‘mobilized to finance a real social and ecological recovery’ (Ibid: 320). In proposing concrete actions, Oxfam argues that ‘Only systemic solutions will do to combat economic violence at its roots and lay the foundations for a more equal world’ (Oxfam, 2022: 14). These solutions include ramping up taxation on the wealthy. A 99 per cent windfall tax on the COVID-19 profits of the ten richest men would mean a tax take of \$812 billion. When allied with more permanent taxation measures on the rich and their property, this could mean a significant redistribution of wealth to

resource essential services and tackle global heating. More social spending could be invested in universal healthcare and programmes that address gender-based violence and social protection. Finally, governments need to engage in systemic changes to their economies ‘to pre-distribute income, change laws, and redistribute power in decision-making and power in the economy’ (Ibid: 15).

### **Public interest versus profits**

None of this will be easy as the power of corporations and the super-rich to secure political allies and protect their interests remains entrenched. The economic deregulation that has attended neoliberalism has ‘involved a vast programme of lobbying by business interests to ensure that governments liberate them from the rules that they find oppressive’ (Crouch, 2014). We have seen during the pandemic just how dangerous corporate power has become with big pharmaceutical companies profiting from vaccine monopoly and unwilling to temporarily waive the patents on COVID-19 vaccines which could ensure they are manufactured by countries across the world (Bansal, 2021). This would help prevent the spread of new COVID-19 variants, ease pressure on healthcare systems combating the pandemic, and provide the best route to suppressing the virus and escaping an endless cycle of restrictions and lockdowns. We know it makes sense and would be acting in our best interests but so far public interest has been trumped by the profit motive. Until we start resourcing the social state (education, health, transport, the environment) to the scale needed and stop fuelling the over-stuffed stock market, the shocking levels of inequality revealed by Oxfam’s report will continue.

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