Oxfam report: “Inequality is at an all-time high – and rising.”

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On October 21, Oxfam and Development Finance International (DFI) issued a joint report, “The Commitment to Reducing Inequality Index,” detailing record inequality and increasing austerity measures around the world. All told, 90 percent of the 164 countries examined were implementing policies “that are highly likely to increase economic inequality.”

The report examined three “pillars” to assess the level of inequality within the 164 nations: public services spending (on education, health and social protection); progressive taxation; and labor rights and wages. Since the last report in 2022, 84 percent of the countries have cut spending on education, health and/or social protection. Tax policies have regressed in 81 percent of countries, and “Labour rights, minimum wages, vulnerable employment and/or labour income inequality have worsened in 90 percent of countries.”

Oxfam and DFI began issuing these reports in 2017. The 2024 report represents the first time that the majority of countries were shown to be regressing in all three areas. The report notes that due to this worldwide decline in social policy, “inequality is at an all-time high – and rising.”

Of the 164 countries examined, 112 fell below the minimum recommendation to spend 15-20 percent of the national budget on education. Since 2022, average education spending has declined from 14 percent to 13.7 percent.

Health spending has stagnated at 11 percent since the 2022 report, with spending not rebounding to pre-pandemic levels in the poorest countries. The 2022 report found that half of low- and lower middle-income countries cut health spending during the first two years of the pandemic. Social protection spending also stagnated at 18.3 percent between 2022 and 2024.

The International Monetary Fund (IMF) and World Bank, two pillars of the global capitalist system, have played an especially pernicious role in social spending cuts and growing inequality over the last two years. Since 2022, 94 percent of countries operating under World Bank programs and 95 percent with IMF loans cut budgets for education, health, and/or social protection.

The report noted that “The IMF continues to contribute actively to an increase in austerity measures worldwide, as seen especially in spending cuts being recommended in the vast majority of countries to reduce post-pandemic debt and deficit levels.” As an April 2023 Oxfam report noted:

“Austerity kills. It stunts lives and it destroys potential. It cripples economies, setting societies’ progress back many years. It drives up inequality and poverty.”

Eight of the bottom 10 performing countries are in sub-Sahara Africa. All countries in this region have World Bank and IMF programs.

The two countries that have seen the largest decline in public services spending since 2022 are Argentina and Ukraine. In Argentina, fascist President Javier Milei has enacted a 76 percent cut in health spending and a 60 percent cut in education, while gutting laws protecting workers. Milei also pushed through retrograde changes to the country’s wealth tax, lowering the tax rates and raising the non-taxable minimum wealth thresholds.

In Ukraine, 58 percent of government spending is on the military and another 15 percent is dedicated to debt servicing. Since 2022, Ukraine has cut social protection spending the third most of any country in the world.

The report explained that Ukraine “moved from its previous universal system, which has been shown to have a significant impact on both poverty and inequality, to a new means-tested system that has hugely reduced coverage, and is included in the recent loan agreement with the IMF.”

The country also ranks 158th out of 164 countries in tax progressiveness.

Government debt is one of the prime drivers of the assault on social spending. The report explained that this is the “worst global debt crisis ever.” In 2024, debt service, on average, consumes 41.5 percent of government budget revenues, 41.6 percent of spending, and 8.4 percent of gross domestic product. The IMF expects these conditions to persist for another decade.

The average low- and lower middle-income country spends 48 percent of its budget on debt service, exceeding total spending for social needs. In these countries, debt spending is 2.7 times education outlays, 4.2 times health expenditures and 11 times the spending on social protection. IMF forecasts for 2025-2029 predict that 60 percent of these countries will cut budgets by a total of $336 billion.

With a growing number of countries facing large debt burdens, countries are increasingly turning to the IMF for bailouts, which, in turn, leads to further cuts in social spending. A 2023 Oxfam report found that 85 percent of 107 COVID-19 IMF loans either recommended or required countries to undertake austerity measures.

Military spending is another driving force in social spending cuts. Total global military expenditure reached $2.24 trillion in 2022, a 3.7 percent increase in real terms over 2021. In 2023, such expenditures reached $2.443 trillion, a 6.8 percent increase. According to the Stockholm International Peace Research Institute, 2023 saw the steepest annual increase in military spending since 2009 and represented the highest level ever recorded.

On average, military spending accounts for an average of 8 percent of government budgets. In addition to Ukraine, Belarus also spends more than half its budget on the military. Pakistan and Mali spend three times on the military what they do on health.

Despite the report’s damning insights, Oxfam/DFI’s prescriptions offer no way forward. The authors conclude that “Inequality is not inevitable. It is a policy choice. Each country has the potential to reduce inequality.”

They then offer a series of proposals that capitalist governments have no intention of implementing. These include:

“prioritize public spending on essential public services;”

“increase progressive taxation;”

“intervene in the labor market to protect all workers;”

“focus World Bank and IMF efforts on reducing inequality;”

“reach and implement global agreements to tax super-rich individuals and corporations.”

None of these measures will be taken by the capitalist ruling elites. Driven by an economic system that has reached its “death agony,” the return to any form of social welfare policies under capitalism is a utopia.

Increasing the exploitation of workers and increasing social inequality are required for the capitalist system to continue to function, and any reduction in the surplus value extracted from the international working class, whether through increased social spending, higher taxes on corporations and wealthy individuals, or higher wages, cannot and will not be countenanced by the capitalists in control of governments worldwide.

It is only through a socialist revolution at the hands of the international working class that inequality can be ended and the necessary vast increases in social spending and wages can and will be implemented.