Universal health, education and other public services reduce the gap between rich and poor, and between women and men. Fairer taxation of the wealthiest can help pay for them.
Our economy is broken, with hundreds of millions of people living in extreme poverty while huge rewards go to those at the very top.

The number of billionaires has doubled since the financial crisis and their fortunes grow by $2.5bn a day, yet the super-rich and corporations are paying lower rates of tax than they have in decades. The human costs – children without teachers, clinics without medicines – are huge. Piecemeal private services punish poor people and privilege elites. Women suffer the most, and are left to fill the gaps in public services with many hours of unpaid care.

We need to transform our economies to deliver universal health, education and other public services. To make this possible, the richest people and corporations should pay their fair share of tax. This will drive a dramatic reduction in the gap between rich and poor and between women and men.

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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Cover photo: Judith teaches at a school in Equateur province, Democratic Republic of the Congo. The school director died of the Ebola virus and Judith was quarantined for 21 days as a precaution. At the end of her isolation period, Oxfam helped her to reintegrate into her community. Oxfam has also supported the school with handwashing facilities, health promotion to dispel misinformation, and a rest area for students and staff who feel unwell. Photo: Alain Nking/Oxfam.

We’d like to learn more about our readers. Please tell how us how you’re using this report by taking this short survey: http://bit.ly/InequalitySurvey
I have always wanted to be a teacher. My father, who passed away in 2015, was a mathematics teacher all his life. He was the one who gave me the inspiration and wish to be a teacher. I have now been teaching for 19 years. My sisters are also teaching. We are a family of teachers!

I teach at the local community secondary school for my area. Children in my school come from very poor families. Many walk a long distance as there is not a nearby school. Many come to school with an empty stomach, which is a challenge to learning. In our school, we have a problem of too few textbooks, dilapidated classroom blocks and teaching materials. We have been sharing.

Over these years, I have seen so many clever girls and boys who score highly despite coming from poor backgrounds. I remember Chimwemwe Gabisa – she was brilliant at mathematics, the best I have taught. She finished secondary school but could not proceed to college for lack of funds.

I have seen the expensive private schools in the city, where the children of rich families can go – they have very good facilities. It does not seem right to me that it is so much harder for children in a government school to be educated. There is so little assistance to help them with their education.

This report from Oxfam has shown me just how big the gap between the rich and the poor is in this world. How very few people have so much, while so many have so little. How can God allow such a thing? I pay tax every month on my little salary that I get. I don’t understand why the people that have everything are failing to pay their taxes, to help fund development.

With more money, a lot could be done at our school. We could provide students with breakfast. We could provide every student with textbooks. We could support them with the basic necessities like buying them school uniforms and other things like exercise books. At least this would give them a better chance in life. It would be wonderful if we were able to do this.
I am a practitioner of capitalism. I have started or funded 37 companies and was the first outside investor in Amazon. The most important lesson I have learned from these decades of experience with market capitalism is that morality and justice are the fundamental prerequisites for prosperity and economic growth. Greed is not good.

The problem is that almost every authority figure – from economists to politicians to the media – tells us otherwise. Our current crisis of inequality is the direct result of this moral failure. This exclusive, highly unequal society based on extreme wealth for the few may seem sturdy and inevitable right now, but eventually it will collapse. Eventually the pitchforks will come out, and the ensuing chaos will not benefit anyone – not wealthy people like me, and not the poorest people who have already been left behind.

To avert this existential crisis, we must drive a stake through the heart of the neoliberal religion that instantly rewards greed at the expense of our future. We must replace it with a new economic framework – what Oxfam has called a more ‘Human Economy’, which recognizes that justice and inclusion are not the result of economic prosperity, but rather the cause of economic prosperity.

Only a society that seeks to include all its people in the economy can succeed in the long term. To build such a society, the wealthiest should pay their fair share of tax – and as this year’s Oxfam report demonstrates, right now they are doing the opposite. Top rates of tax on the wealthiest people and corporations are lower than they have been for decades. Unprecedented levels of tax avoidance and evasion ensure that the super-rich pay even less.

There can be no moral justification for this behaviour beyond the discredited neoliberal dogma that if everyone maximizes their selfishness, the world will somehow be a better place. It has no economic justification, either. In fact, it is economically self-defeating, as the ordinary people who drive a prosperous economy are instead impoverished in favour of the bank accounts of billionaires. I have absolutely no doubt in my mind that the richest in our society can and should pay a lot more tax to help build a more equal society and prosperous economy.

If our governments could tax wealth fairly, as the Oxfam report shows, we could ensure that every child gets a chance at a future. We could ensure that no person lives in fear of getting sick because they cannot afford their medical bills – whether in India or in my own nation, the United States. We could – and we should – use this wealth to build better, more equal economies and societies.

Today’s neoliberal orthodoxy teaches us that inclusion and justice are luxuries. That health and education should be left to the mercy of the free market, available only to those who have the money to pay for them. That ever-lower taxation on the richest will only benefit economic growth. But this view is wrong and backward.

Ultimately it is our humanity, not the absence of it, that is the true source of economic growth and a flourishing civilization. This is not just an imperative for activists and academics but for all of us – including every billionaire. It is not a question of whether we can afford to do this. Rather, we cannot afford not to.
As Oxfam has been highlighting over the past five years, the level of economic inequality we are witnessing today is nothing short of a calamity. According to Oxfam’s analysis, last year 26 people owned the same wealth as the 3.8 billion people who make up the poorest half of humanity, down from 43 people the year before. Although we have seen a growing political consensus to tackle extreme inequality, including a specific sustainable development goal on this issue, it is high time that we saw real action.

Oxfam’s excellent report *Public Good or Private Wealth?* recommends a practical way all countries can reduce inequality: by providing universal free public services. It focuses on the unparalleled power that public services, like education and health, play in tackling poverty, reducing inequality and fighting gender injustice. From my experience as Prime Minister of Norway and the Director-General of the World Health Organization, I thoroughly support this message.

In many countries, while those with money are able to access good healthcare and education, hundreds of millions of ordinary people are denied life-saving health services or are plunged into poverty because they are forced to pay unaffordable fees for their care. The burden is particularly felt by women and children, who have high needs for services but the least access to financial resources. In some countries, poor women and their babies are even imprisoned in hospitals because they can’t pay their medical bills after giving birth.

The solution to this problem is simple: universal public services provided free at the point of delivery. Unfortunately, powerful political interests often oppose this proven way to reduce inequalities.

Overcoming this opposition and launching equitable public services requires a large investment of public financing and political capital by governments and political leaders. As well as improving social indicators, accelerating economic growth and reducing inequalities, this is also a smart political choice that can strengthen social cohesion and provide an enduring legacy.

The first article of the Universal Declaration of Human Rights states that: ‘All human beings are born free and equal in dignity and rights’. Seven decades on from the adoption of that landmark text, this Oxfam report is a powerful reminder of this principle, but also of the huge challenge that remains in turning these fine words into reality.

Fighting inequality remains one of the world’s most testing issues. Delivering universal public services is a tried and tested way to tackle it. We must now take action against extreme inequality to achieve a fairer, healthier and happier future for all, not just the few.
GETTING THE RICHEST 1% TO PAY JUST 0.5% EXTRA TAX ON THEIR WEALTH COULD RAISE
MORE MONEY THAN IT WOULD COST TO:

THE WEALTH OF THE WORLD’S BILLIONAIRES INCREASED
$900 BILLION IN THE LAST YEAR, WHICH IS:

$2.5 BILLION A DAY

MEN OWN 50% MORE OF THE TOTAL WEALTH THAN WOMEN.

EXTREME POVERTY IS INCREASING IN SUB-SAHARAN AFRICA.

This new evidence also shows that 3.4 billion people (almost half of humanity) have barely escaped extreme poverty and are living on less than

$5.50 A DAY

A recent study of 13 developing countries found that:

SPENDING ON EDUCATION AND HEALTH ACCOUNTED FOR 69% OF THE TOTAL REDUCTION OF INEQUALITY.

GETTING THE RICHEST 1% TO PAY JUST 0.5% EXTRA TAX ON THEIR WEALTH COULD RAISE MORE MONEY THAN IT WOULD COST TO:

Educate all the 262 MILLION children out of school...

...and provide healthcare that would save the lives of 3.3 MILLION people.
Key Recommendations

All governments should set concrete, timebound targets and action plans to reduce inequality as part of their commitments under Sustainable Development Goal (SDG) 10 on inequality. These plans should include action in the following three areas:

1 Deliver universal free healthcare, education and other public services that also work for women and girls. Stop supporting privatization of public services. Provide pensions, child benefits and other social protection for all. Design all services to ensure they also deliver for women and girls.

2 Free up women’s time by easing the millions of unpaid hours they spend every day caring for their families and homes. Let those who do this essential work have a say in budget decisions and make freeing up women’s time a key objective of government spending. Invest in public services including water, electricity and childcare that reduce the time needed to do this unpaid work. Design all public services in a way that works for those with little time to spare.

3 End the under-taxation of rich individuals and corporations. Tax wealth and capital at fairer levels. Stop the race to the bottom on personal income and corporate taxes. Eliminate tax avoidance and evasion by corporates and the super-rich. Agree a new set of global rules and institutions to fundamentally redesign the tax system to make it fair, with developing countries having an equal seat at the table.
Mukesh Ambani ranks 19th in the Forbes 2018 billionaire list and is the richest Indian. His residence in Mumbai, a towering 570-foot building, is worth $1bn and is the most expensive private house in the world.

Pratima, who lives in a slum in Patna, eastern India, lost both her twins due to delays and scarce resources in her nearest clinic. Poor women like Pratima have to give birth without proper maternal healthcare, leaving them vulnerable to complications, neglect and stillbirth as a result.

Jeff Bezos, the founder of Amazon, is the richest man in the world, with a fortune of $112bn on the 2018 Forbes list. Just 1% of his total wealth is the equivalent of almost the whole health budget of Ethiopia, a country of 105 million people. He recently said that he has decided to invest his fortune in space travel, as he can’t think of anything else to spend his money on.

Zay is a shrimp processing worker in Thailand. The shrimp Zay peels is supplied to large retailers like Whole Foods supermarkets, now owned by parent company, Amazon. At the end of a shift, the exhaustion Zay feels after peeling shrimp for 12 or 13 hours can leave him almost immobile. ‘They are using the workers,’ says Zay. Zay is lucky if he earns more than $15 in a day.

The chaos, noise, and density of the slums and the orderly calm green of the Royal Nairobi Golf Club, which opened in 1906.

Photo: Johnny Miller.
The gap between rich and poor is pulling us apart. It stops us from beating poverty and achieving equality between women and men. Yet most of our political leaders are failing to reduce this dangerous divide. It does not have to be this way. Inequality is not inevitable – it is a political choice. Concrete steps can be taken to reduce it.

This report focuses on the unparalleled power of universal public services like education and health in tackling poverty and reducing inequality. Universal public services are the foundation of free and fair societies. If they choose to do so, governments can deliver life-saving public services for all their citizens.

There is a growing consensus that the wealth of individuals and corporations is not being adequately taxed, and instead taxes are falling disproportionately on working people. For every dollar of tax revenue, on average just 4 cents are made up of revenue from wealth taxes.

The fortunes of the world’s super-rich have grown to record levels. By taxing wealth more fairly, enough money could be raised globally to ensure that every child goes to school and no one is bankrupted by the cost of medical treatment for their families. In doing this, it is possible to build a more Human Economy – one that is more equal and values what truly matters.

One of the great achievements in recent decades has been the huge reduction in the numbers of people living in extreme poverty, defined by the World Bank as $1.90 per person per day. Yet new evidence from the World Bank shows that the rate of poverty reduction has halved since 2013. Extreme poverty is actually increasing in sub-Saharan Africa. This new evidence also shows that much of humanity has barely escaped poverty, with just under half the world’s population – 3.4 billion people – subsisting on less than $5.50 a day, which is the World Bank’s new poverty line for extreme poverty in upper-middle-income countries. The Bank finds that women are more often among the poorest people, particularly during their reproductive years, because of the level of unpaid care work they are expected to do.

EXECUTIVE SUMMARY

‘IN THE COURSE OF HISTORY, THERE COMES A TIME WHEN HUMANITY IS CALLED TO SHIFT TO A NEW LEVEL OF CONSCIOUSNESS... TO REACH A HIGHER MORAL GROUND. A TIME WHEN WE HAVE TO SHED OUR FEAR AND GIVE HOPE TO EACH OTHER. THAT TIME IS NOW.’
DR WANGARI MAATHAI, FOUNDER OF THE GREEN BELT MOVEMENT, 2004 NOBEL PEACE PRIZE LAUREATE

‘IF A FREE SOCIETY CANNOT HELP THE MANY WHO ARE POOR, IT CANNOT SAVE THE FEW WHO ARE RICH.’
JOHN F. KENNEDY, INAUGURAL ADDRESS, JAN. 20, 1961
This is a direct result of inequality,\textsuperscript{16} and of prosperity accruing disproportionately to those at the top for decades. The World Inequality Report 2018 showed that between 1980 and 2016 the poorest 50% of humanity only captured 12 cents in every dollar of global income growth. By contrast, the top 1% captured 27 cents of every dollar.\textsuperscript{17} The lesson is clear: to beat poverty, we must fight inequality.

The human cost of inequality is devastating. Today:

- 262 million children will not be allowed to go to school.\textsuperscript{18}
- Almost 10,000 people will die because they cannot access healthcare.\textsuperscript{19}
- 16.4 billion hours of unpaid care work will be done, the majority by women in poverty.\textsuperscript{20}

Governments face a stark choice today – a choice between a life of dignity for all their citizens or continued extreme wealth for a tiny few.

**BOOMTIME FOR THE WORLD’S BILLIONAIRE**

It is 10 years since the financial crisis that shook our world and caused enormous suffering. In that time, the fortunes of the richest have risen dramatically:

- In the 10 years since the financial crisis, the number of billionaires has nearly doubled.\textsuperscript{22}
- The wealth of the world’s billionaires increased by $900bn in the last year alone, or $2.5bn a day. Meanwhile the wealth of the poorest half of humanity, 3.8 billion people, fell by 11%.\textsuperscript{23}
- Billionaires now have more wealth than ever before. Between 2017 and 2018, a new billionaire was created every two days.\textsuperscript{24}
- Wealth is becoming even more concentrated – last year 26 people owned the same as the 3.8 billion people who make up the poorest half of humanity, down from 43 people the year before.\textsuperscript{25}
- The world’s richest man, Jeff Bezos, owner of Amazon, saw his fortune increase to $112bn. Just 1% of his fortune is the equivalent to the whole health budget for Ethiopia, a country of 105 million people.\textsuperscript{26}
- If all the unpaid care work done by women across the globe was carried out by a single company, it would have an annual turnover of $10 trillion\textsuperscript{27} – 43 times that of Apple.\textsuperscript{28}
NEARLY HALF THE WORLD’S POPULATION (3.4 BILLION PEOPLE) IS LIVING ON LESS THAN $5.50 A DAY.  
While there are more billionaires than ever before (2,208) their wealth increasing by $2.5 BN A DAY.
While the richest continue to enjoy booming fortunes, they are also enjoying some of the lowest levels of tax in decades – as are the corporations that they own:

- Wealth is particularly undertaxed. Only 4 cents in every dollar of tax revenue comes from taxes on wealth.

- In rich countries, the average top rate of personal income tax fell from 62% in 1970 to 38% in 2013. In developing countries, the average top rate of personal income tax is 28%.

- In some countries like Brazil and the UK, the poorest 10% are now paying a higher proportion of their incomes in tax than the richest 10%.

- Governments should focus their efforts on raising more from the very wealthy to help fight inequality. For example, getting the richest 1% to pay just 0.5% extra tax on their wealth could raise more money than it would cost to educate all of the 262 million children out of school and provide healthcare that would save the lives of 3.3 million people.

- The super-rich are hiding $7.6 trillion from the tax authorities. Corporates also hide large amounts offshore. Together this deprives developing countries of $170bn a year.

The Breakdown of Tax Revenues

- Corporate taxes 11%
- Wealth taxes 4%
- Personal income taxes 21%
- Payroll taxes 22%
- VAT and other consumption taxes 39%
- Other 1%
THE DIVIDE THAT THREATENS TO TEAR US APART

Respected voices have warned that across the world, from the US to Brazil, from Europe to the Philippines, inequality is contributing to a poisoning of our politics. In recent years, we have seen crackdowns on freedom of speech and democracy by governments worldwide. The Council on Foreign Relations has highlighted the evidence that the gap between rich and poor is helping to fuel authoritarianism. Rather than working to heal the divide between rich and poor, some leaders are instead seeking to vilify immigrants, other ethnic groups, other nations, women and people in poverty. In more unequal countries, trust is lower and crime higher. Unequal societies are more stressed, less happy and have higher levels of mental illness.

‘I recently visited a very rich person in Brazil. They lived in a beautiful apartment, with floor to ceiling windows and incredible views. But we had to go through three security checks to get into the building. The windows were covered in bars. I am sure they pay very low taxes, but they have to live in a cage. I could never live like that. I may pay more tax in Denmark, but all I have outside my door in Copenhagen is flowers.’

DJAFFAR SHALCHI, DANISH MULTI-MILLIONAIRE AND FOUNDER OF THE HUMAN ACT FOUNDATION, WHO LAUNCHED THE MOVE HUMANITY CAMPAIGN
Inequality is sexist

This economic divide both drives the gap between women and men and is driven by it. Economically unequal countries are countries where women and men are more unequal too. Societies in which the gap between rich and poor is much lower are those in which women are treated more as equals. Gender inequality is neither an accident nor something new. Our economic rules have been written by rich and powerful men in their own interests. The neo-liberal economic model of today has made this worse – cuts to public services, cuts to taxes for the richest individuals and corporations, and a race to the bottom on wages have all hurt women more than men.

Most of the world’s richest people are men. Globally, women earn 23% less than men, and men own 50% more of the total wealth than women.

Most profoundly, our economic prosperity is dependent on the huge but unrecognized contribution made by women through unpaid care work.

Our economies are built on millions of hours of unpaid labour carried out every day. Because of unjust social attitudes, this unpaid care work is overwhelmingly done by women and girls – time spent caring for children, the elderly and the sick; cooking, cleaning, and collecting water and firewood. If all the unpaid care work done by women across the globe was carried out by a single company, it would have an annual turnover of $10 trillion – 43 times that of Apple. Women’s unpaid contribution to the health sector alone is estimated to be worth approximately 3% of GDP in low-income countries.

This work steals time from women, contributes to poor health and leaves them unable to take advantage of educational, political and economic opportunities. Poor women have the highest burden of unpaid work. Until we do something about it, neither economic nor gender equality is possible.
Rosalyn Martinez collects water from a water pump in the GMA Resettlement Area, North Tacloban, Philippines. The site was built to relocate families after Typhoon Haiyan, but many residents say they are in an even more vulnerable situation now and lack basic services such as reliable and clean water. Photo: Aurelie Marrier d'Unienville/Oxfam.

If all the unpaid care work done by women across the globe was carried out by a single company it would have an annual turnover of $10 trillion.*

*43 times that of Apple
Inequality also has profound implications for the future of our children and the opportunities they will have to live a better and longer life.

TALENT IS EVERYWHERE, OPPORTUNITY ISN’T

The opportunity for every child to learn and to make the most of their talents is at the heart of a fairer society. Yet in country after country it is wealth, not talent, that dictates a child’s educational destiny. In Kenya, a boy from a rich family has a one in three chance of continuing his studies beyond secondary school. A girl from a poor family has a one in 250 chance of doing so. On average in Kenya, a child from a rich family will have double the amount of education compared to a child from a poor family. In the U.S, the American Dream has become a myth, with social mobility lower today than it has been in decades.

This reality is failing individual children, each of whom has a right to education. It is also failing society, as a generation of talented poor girls and boys cannot fulfil their promise and contribute fully to human progress. Brilliant doctors, teachers or entrepreneurs are instead herding goats or collecting water. Humanity faces unprecedented challenges. Yet instead of utilizing the talents of all of people, inequality means we are squandering this potential.
Denied a longer life

In most countries – both developed and developing – having money is a passport to better health and a longer life, while being poor all too often means more sickness and an earlier grave. In Nepal, a child from a poor family is three times more likely to die before they are five than a child from a rich family.\(^{59}\)

In India, a so-called low-caste woman can expect to live almost 15 years less than a so-called upper-caste woman.\(^{60}\) Life expectancy in one of the poorest parts of London is six years less than it is in one of the capital’s richest neighbourhoods, just a few miles away.\(^{61}\) Life expectancy in the richest parts of Sao Paulo, Brazil, is 79 years. In one of the poorest areas of the city it is 54 years.\(^{62}\)

It is hard to think of a greater injustice than living over twenty-five years less, simply because you are poor.

It doesn’t have to be this way

Inequality is not inevitable. There is no law of economics that says the richest should grow ever richer while people in poverty die for lack of medicine. It makes no sense to have so much wealth in so few hands, when those resources could be used to help all of humanity. Inequality is a political and a policy choice.\(^{64}\)

This paper focuses on one of the most powerful things a government can do to reduce the gap between the super-rich and ordinary people: provide universal public services and social protection, paid for by fair taxation.
THE POWER OF PUBLIC SERVICES TO FIGHT INEQUALITY

Classrooms with teachers. Clinics with nurses and doctors. Working taps and clean toilets. A basic pension at the end of a hard-working life. Education, health, water, pensions, child benefits that are available to all people regardless of gender, caste, ethnicity or disability. Public services and social protection benefits such as these can be engines of equality, working to transform people’s lives and unlock potential, pull societies together and close the gap between rich and poor and between women and men.

Public services can bring true freedom: freedom from fear of ill health without care; freedom from illiteracy, which prevents so many from actively participating and progressing in their daily lives; and the freedom of knowing that you and your family will be supported if you fall on hard times.
Public services and social protection reduce poverty and inequality. Evidence from 150 countries spanning a period of over 30 years shows that, overall, investment in health, education and social protection reduces the gap between rich and poor. One recent review of 13 developing countries found that spending on education and health accounted for 69% of total reduction of inequality. If all children left school with basic reading skills, 171 million people could be lifted out of extreme poverty. The International Monetary Fund (IMF) has identified public spending on health, education and social protection as among the most important tools available to governments to reduce inequality and poverty. Everyone in society stands to benefit, with less crime, more trust, better health and longer, happier lives.

Public services can be great equalizers, giving everyone, regardless of wealth or income, a fair shot at a decent life. Schools can be places where the children of rich and poor families become friends and the barriers of inequality are broken down. Clinics can be places where poor and rich alike know they will receive the best care available, regardless of their ability to pay.

Public services can also reduce the gap between women and men. Education can increase women’s self-confidence, economic opportunities and decision-making power. Good-quality, free healthcare is essential for women and girls to be able to make decisions about their own lives, to increase their prospects of escaping poverty and reduce their chances of dying from preventable illness. Cleaned piped water saves women many hours spent collecting it and protects from disease. Conversely, underfunded and low-quality public services that are blind to the needs of women and girls can widen the gender gap.

THE STATUS QUO: PROGRESS, BUT TOO SLOW AND VERY UNEQUAL

The way services like health and education are delivered and the way in which pensions and other welfare payments are organized is critical to how much they reduce the gap between rich and poor.
In India, the highest-quality medical care is only available to those who have the money to pay for it. The country is a top destination for medical tourism. At the same time, levels of public spending on health are some of the lowest in the world. The poorest Indian states have infant mortality rates higher than those in sub-Saharan Africa.
In recent decades, public services, especially in developing countries, have delivered some remarkable results. Since 1990, 2.6 billion people have gained access to improved drinking water. Primary school enrolment is now almost universal in most countries, with as many girls enrolling as boys. Since 1990, the number of children dying before their fifth birthday has halved.

Yet despite these important strides there is still a huge way to go, and progress has been very unequal. In developing countries, children from the richest families are 32% more likely to complete primary school than children from the poorest families. Across low- and middle-income countries, it is estimated that 3.6 million deaths each year can be attributed to lack of access to healthcare. Evidence from 137 developing countries shows that a child from a poor family is on average twice as likely to die before their fifth birthday than a child from a rich family.

In many countries, public schools and clinics are often poorly staffed, underfunded and of very low quality. They are kept afloat by committed teachers, doctors and nurses. Social protection is often miserly and excludes many who need it. Too often, services ignore the specific needs of women. Such low-quality public services end up reinforcing and increasing inequality.

For some time, the view of institutions like the World Bank was that public services should be rationed and minimal, and that the private sector is often a better provider. It was argued that individuals should pay for their schools and hospitals, market mechanisms should be used to organize services, and that social protection should be very limited and targeted only at the very poorest people. While some of the rhetoric, programming and advice has changed, including notably from the IMF, change in practice has been slower. This trend is too often compounded by the influence of elites over politics and governments, skewing public spending in the wrong direction and ensuring that it benefits the already wealthy rather than those who need it most.
THE GOAL: FREE, QUALITY PUBLIC SERVICES FOR ALL

It is time to focus on what works. To most effectively reduce the gap between rich and poor, public services need to be universal, free, public, accountable and to work for women.

UNIVERSAL

Costa Rica, Thailand, Sri Lanka and others have shown that universal public services can be affordable for developing nations. Universal social protection and public services played a pivotal role in state- and nation-building in Western Europe. Trying to target the poorest people often has the opposite effect, with many of those who should benefit being left out. For example, Indonesia’s targeted social protection scheme excludes 93% of those who should qualify for it.

‘IT ONLY TAKES SUCH A SMALL AMOUNT TO SAVE SO MANY LIVES. IF THEY (THE WEALTHIEST) PAY THEIR TAXES IT DOESN’T JUST BENEFIT THE POOR PERSON, IT HELPS THE FAMILY AND THE ECONOMY. FOR EXAMPLE, IF A POOR CHILD WITH AN EYE PROBLEM GETS THE HEALTHCARE THEY CAN NEED, HE OR SHE CAN CONTINUE GOING TO SCHOOL, LEARN MORE, GET A HIGHER EDUCATION AND A BETTER FUTURE.’

DR LÊ THJ CAM THANH, VICE DIRECTOR OF THE GOVERNMENT EYE HOSPITAL OF CAN THO PROVINCE, VIETNAM

Dialysis treatment room, Bach Mai Hospital, Vietnam. Photo: Adam Patterson/Oxfam.
User fees for healthcare can be a life-or-death issue. Each year, many die or suffer unnecessarily because they cannot afford healthcare, and 100 million people are forced into extreme poverty by healthcare costs. In countries like Kenya, Democratic Republic of the Congo (DRC) and India, at times some poor people are held prisoner in hospital until they can pay; sometimes they are even chained. In one study in the DRC, over a six-week period in 2016, 54% of women who had given birth were detained for the non-payment of user fees. In many cases, women and babies are held for months and are denied ongoing healthcare until their bills can be settled. Similarly, with education, school fees can stop children going to school, and especially girls. Women and girls lose out the most when fees are charged for public services: in many societies, their low social status and lack of control over finances means they are last in line to benefit from education or medical care.

To succeed, countries need to scale up the public delivery of services. When publicly delivered services are made to work, the scale and speed of their impact on poverty reduction cannot be matched. Successful developing countries have demonstrated the potential and ability of publicly delivered services to be both universal and pro-poor. In the poor countries that are doing the most to stop poor women dying in childbirth, 90% of care is provided by the public sector.

The World Bank and some donor governments are upbeat about the possibility of public-private partnerships (PPPs) and private provision as alternatives to government-funded services. Yet research by Oxfam and other NGOs has shown clearly that education, health and other public services delivered privately and funded through PPPs are not a viable alternative to government delivery of services. Instead they can drive up inequality and drain government revenues. Even the IMF is now warning of the sizeable fiscal risks of pursuing PPP approaches.

Thailand introduced universal health coverage in 2002 for its population of 65 million people, with a per capita income similar to that of the US in 1930. The Thai government employs 180,000 nurses and 50,000 doctors. Over 80% of all care is delivered by the state. Funded by progressive taxation, quality health services are available free to everyone, and benefit the poorest people most.
WORKING FOR WOMEN

Governments should prioritize services that are most important for women, including those that reduce the burden of unpaid care work. Public services can promote women as workers. They can support women and girls as service users, protecting them from abuse. They should work with women’s rights organizations to make sure the services are delivering for women. Well-designed public services can challenge accepted stereotypes about the roles of women and men rather than reinforce them; education can empower girls to challenge inequality rather than accept it.

ACCOUNTABLE TO THOSE THEY SERVE

To effectively fight economic inequality, public services need to be accountable and responsive to citizens. In many countries, Oxfam is working with allies to support citizens in demanding better and more accountable services. In Mozambique, since 2011 Oxfam allies have tracked spending on education, health and other public services, leading to improvements in services.106

BOX 4

EDUCATION PUBLIC–PRIVATE PARTNERSHIPS IN PAKISTAN: A DANGEROUS DIVERSION FROM PUBLIC EDUCATION

Pakistan has 24 million children out of school. Only 15% of poor rural girls finish primary schooling. To tackle this, Punjab state is no longer building any new public schools, but instead investing in a public–private partnership (PPP). The key aim was to get more of the 5.5 million out-of-school children in Punjab into education.107

Oxfam’s research108 into the education PPP found that only 1.3% of children in the private schools surveyed had previously been out of school. The following are quotes from private school principals interviewed during the research:

‘We don’t have any [formerly] out-of-school children in this school. The ones in the community don’t want to study and can be a waste of our time.’

‘The poor go to government schools in the area. They cannot afford any expenditure on education. We as school owners cannot include the poorest of the poor in this school with other kids. It’s not like a charity; we have limited funds from the PPP, and I also need to earn a livelihood from this.’
Taxing those who can afford to pay

The richest people and the corporations they own are undertaxed in today’s world. The top rates of income tax, and rates of inheritance tax and corporate tax have fallen in many rich countries and remain low in most developing countries. If this were reversed, most governments would have enough resources to provide universal public services. Additional tax revenues raised from the richest people in rich countries could be used to support the poorest countries through increases in aid.

Taxes on wealth, like inheritance or capital gains tax, have been reduced and eliminated in many rich countries and are often barely implemented in most developing ones. They are often the target of hostile commentators and politicians, attacked, despite clear evidence that they primarily impact the richest people and not ordinary citizens.

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‘In general, a lot of taxes are too low in my view. For example, estate tax (inheritance tax) – I am a huge fan of that because it creates a certain dynamism, where you don’t just get an aristocratic type view.’

Bill Gates

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**TAX REVENUE CHANGE 2007–2015 (%GDP)**

<table>
<thead>
<tr>
<th>Type of Tax</th>
<th>2007–2015 Change</th>
<th>Corporations</th>
<th>Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate income tax</td>
<td>Decrease</td>
<td>-0.6</td>
<td></td>
</tr>
<tr>
<td>Wealth taxes</td>
<td></td>
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<tr>
<td>Personal income tax</td>
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<td>Payroll taxes</td>
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<td>Taxes on goods and services</td>
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<tr>
<td>Other taxes</td>
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</tbody>
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EXECUTIVE SUMMARY
PUBLIC GOOD OR PRIVATE WEALTH?
In addition, governments have been reducing both the top rate of personal income tax and the rate of corporate income tax over the long term. As recently as 1980, the top rate of personal income tax in the US was 70%. Today it is almost half that, at 37%.\textsuperscript{114} The numerous exemptions and loopholes mean the rates that rich people and corporations actually pay are lower still.

As a result, in some countries the richest people are paying lower rates of tax than they have in a century. In Latin America, for example, the effective tax rate for the top 10% of earners is just 4.8%.\textsuperscript{115}

In some countries, when tax paid on incomes and tax paid on consumption (value-added tax or VAT) are both considered, the richest 10% are paying a lower rate of tax than the poorest 10%.

The situation is compounded by industrial levels of tax dodging by the super-rich and corporations. The super-rich are hiding at least $7.6 trillion from the tax authorities, avoiding an estimated $200bn in tax revenues.\textsuperscript{118} While millions of refugees are refused a safe haven, the richest can buy citizenship in any one of a number of countries offering minimal taxes and scrutiny of their wealth.\textsuperscript{118} For Africa alone, as much as 30% of private wealth may be held offshore, denying African governments an estimated $15bn in tax revenues.\textsuperscript{120} With armies of tax advisers, multinational companies exploit loopholes in tax codes to shift profits to tax havens and to avoid taxes, costing developing countries an additional estimated $100bn of lost corporate income tax.\textsuperscript{121}

The IMF has shown that there is significant potential to raise more revenue from the richest individuals and corporations.\textsuperscript{122} Contrary to common belief, this will not harm the economy,\textsuperscript{123} and indeed there is growing evidence that failure to redistribute is causing economic harm.\textsuperscript{126} For example, Colombia raises 10% of its tax from taxing wealth.\textsuperscript{125} It introduced a wealth tax in 2015 on all those with wealth over one billion Colombian pesos, or $315,000.\textsuperscript{126}
Tax policies have the potential not only to reduce the gap between rich and poor, but also to decrease inequality between women and men. However, the current global tax system, through relying more on taxes like VAT, is shifting the burden to the poorest individuals and households, meaning the majority of those affected are women. This is no coincidence, as it is the poorest women who have least influence over tax decisions and least opportunity to hold government to account.

Without addressing this problem of under-taxation of those most able to pay, the inequality crisis will remain out of control and we will not be able to overcome poverty.
PROVIDE HEALTHCARE THAT WOULD SAVE THE LIVES OF 3.3 MILLION PEOPLE...

AND EDUCATE ALL OF THE 262 MILLION CHILDREN OUT OF SCHOOL.\textsuperscript{128}

GETTING THE RICHEST 1% TO PAY JUST 0.5% EXTRA TAX ON THEIR WEALTH COULD RAISE MORE MONEY THAN IT WOULD COST TO:

Nurse Margaret Nyagwaya, left, takes care of a baby a few minutes after his birth at the maternity ward at Zvamabande hospital in the Shurugwi district of Zimbabwe. She says: ‘Women like to come to the clinic and give birth here, they get extra vitamins to get stronger and we take good care of them.’ The hospital was supported by partner NGOs during the Zimbabwe Joint Humanitarian Response to the 2015–2016 El Niño crisis. Photo: Ilvy Njiokiktjien/Oxfam Novib.
‘THE TRUE MEASURE OF ANY SOCIETY CAN BE FOUND IN HOW IT TREATS ITS MOST VULNERABLE MEMBERS.’

MAHATMA GANDHI

Salama with her son Hama at their home in Azel, Niger. Salama took Hama to the Azel community health centre when he was a few months old and suffering from malnutrition. She says: ‘The availability of the clinic is a great thing for us. Before, we had to get to Agadez town. It was impossibly expensive to travel then accommodation, food. But now the service is here, it’s much more doable.’

Photo: Abbie Trayler-Smith/Oxfam.
Today’s levels of inequality and poverty are a choice. We can continue to choose to reward those who are already rich, or we can choose to fight inequality and end poverty. Or we can choose to build a Human Economy instead, where the richest people and corporations pay their fair share of tax, and use those valuable resources to fund public services and social protection for all. We could free billions of people from a life of poverty. Free them from the fear of the cost of falling sick. Allow every child to fulfil their potential and use their talents. This could be a massive step towards equality between women and men, and create safer, more equal and happier societies for our children and grandchildren. The choice is ours.

Governments should listen to ordinary citizens and take meaningful action to reduce inequality. All governments should set concrete, timebound targets and action plans to reduce inequality as part of their commitments under Sustainable Development Goal (SDG) 10 on inequality. These plans should include action in the following three areas:

1. **Deliver universal free healthcare, education and other public services that also work for women and girls.** Stop supporting privatization of public services. Provide pensions, child benefits and other social protection for all. Design all services to ensure they also deliver for women and girls.

2. **Free up women’s time by easing the millions of unpaid hours they spend every day caring for their families and homes.** Let those who do this essential work have a say in budget decisions and make freeing up women’s time a key objective of government spending. Invest in public services including water, electricity and childcare that reduce the time needed to do this unpaid work. Design all public services in a way that works for those with little time to spare.

3. **End the under-taxation of rich individuals and corporations.** Tax wealth and capital at fairer levels. Stop the race to the bottom on personal income and corporate taxes. Eliminate tax avoidance and evasion by corporates and the super-rich. Agree a new set of global rules and institutions to fundamentally redesign the tax system to make it fair, with developing countries having an equal seat at the table.
NOTES

All links last accessed October 2018, unless otherwise specified.


9. Previous Oxfam reports have focused on other key factors in the fight against inequality. These include work and wages (Reward Work, Not Wealth: https://www.oxfam.org/en/research/reward-work-not-wealth; redesigning our economic model (An Economy for the 99%): https://www.oxfam.org/en/research/economy-99; ending the capture of politics and economics by elites (An Economy for the 1%): https://www.oxfam.org/en/research/economy-1


12. Ibid.

13. World Bank. (2018a). Poverty and Shared Prosperity 2018, op cit. Between 2013–2015, the most recent years for which evidence is available, the rate of poverty reduction declined from 1% a year to 0.5% a year.

14. Ibid.

15. Ibid.

16. Ibid, p.24. The World Bank’s projections show that at current rates of economic growth, extreme poverty will not be eradicated by 2030 unless inequality is reduced by making income of the bottom 40% of the population grow faster than that of the rest. Without inequality reduction, even with double rates of economic growth about 3.7% of the global population will be living in extreme poverty.


20. L. Addati et al. (2018, June 28). Care work and care jobs for the future of decent work: International Labour Organization (ILO). Available at: https://www.ilo.org/global/topics/care-economy/care-for-fow/lang--en/index.htm. Figures are for 64 countries where time-use surveys were carried out, representing 66.9% of the world’s population, so the overall global figure is likely to be significantly higher. Women were found to do on average 75% of unpaid care work.

In the 10 years since the financial crisis, the number of billionaires has risen from 1,125 in 2008 to 2,208 in 2018. For more detail, see methodology note: http://dx.doi.org/10.21201/2019.3651

The total fortune of those who have remained in the Forbes list consistently between 2017 and 2018 (about $1,500) has increased by about $900bn in one year, which is equivalent to an increase of $2.5bn per day. For more detail, see methodology note: http://dx.doi.org/10.21201/2019.3651

The world has more billionaires than ever before. The Forbes list of billionaires (2018) expanded by 165 between 2017 and 2018. 316 new billionaires entered the list – more than double the number who left the list, which was 151. For more detail, please see methodology note: http://dx.doi.org/10.21201/2019.3651


Jeff Bezos’ fortune in March 2018 was $112bn. Forbes list, op. cit. For Ethiopian heath budget calculations see: P. Espinoza Revollo et al. [2019]. Public Good or Private Wealth? Methodology Note, op cit.


Figure calculated based on Apple’s reported annual revenue in 2017 ($229.3bn). Available at: https://www.apple.com/newsroom/pdfs/fy17-q4/Q4FY17ConsolidatedFinancialStatements.pdf


Figures taken from Commitment to Reducing Inequality index database, figures are for 122 developing countries. Average top rate of personal income tax is 28.55%.


A. Alstadsaeter et al. [2017]. Tax Evasion and Inequality, ibid.


Djafffar Salchi. Private correspondence with author.


59 Ibid. Tables 8.3, 3.3.1. and 3.3.2. Under-five mortality for the poorest quintile is 62 deaths per 1,000 compared to 24 deaths per 1,000 for the richest quintile.


63 From remarks made by Dr Martin Luther King in Chicago on the night of Friday, March 25th, 1966 https://quoteinvestigator.com/2015/10/22/mlk-health/.

64 J.D. Ostry et al. (forthcoming). Confronting Inequality. op cit.

65 P. Espinoza Ravillo et al. (2019). Public Good or Private Wealth? Methodology Note, op cit. Figure does not include ‘at home’ and ‘other’ as places of delivery, which comprise the final 2%. For more details, see methodology note.


90 Analysis by Development Pathways from Indonesia’s National Socio-Economic Survey (SUSENAS) 2015.


93 Ibid.


102 Own calculations based on the World Bank’s World Development Indicators (WDI) database. GDP per capita figures for Thailand were rebased from 2011 purchasing power parity (PPP) $ to 1990 PPP $ This was done by multiplying each value of the real GDP in 2011 PPP $ by the ratio of the 2011 GDP per capita in 1990 PPP $ to the 2011 GDP per capita in current $. Note, this is only an approximation to the ideal real GDP per capita in 1990 PPP $. US GDP figures taken from J. Bolt, M. Timmer and J. Luiten van Zanden. (2014). GDP per capita since 1820 OECD https://www.oecd-ilibrary.org/economics/how-was-life/gdp-per-capita-since-1820_9789264214626-7-en P. Espinoza Revollo et al. (2019). Public Good or Private Wealth? Methodology Note, op cit.


120 Ibid.


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