Oxfam's latest gambit: let's raise global inequality [1]

Written by **Tim Worstall** [2] | Sunday 20 January 2013

I'm afraid that I really don't understand this latest idea from Oxfam. I can only conclude that it comes from some unfortunate brain spasm or something. They seem to be calling for a rise in global inequality. Here's their actual paper [3], here's The G [4] and the TUC [5] both praising it. And here's their central demand:

> An end to extreme wealth by 2025. Reversing increasing extreme inequality and aim to return inequality to 1990 levels.

I've long had my little problems with Oxfam: they seem to be suckers for every right on initiative going. But I hadn't thought that they'd been taken over by complete loons. Not up to now that is. For the problem with this demand is that 1990 levels of inequality were higher than they are now.

There's a logical point that need to be made:

> Free public services are crucial to levelling the playing field. In countries like Sweden, knowing that if you get sick or that you will receive good treatment regardless of your income, is one of the greatest achievements and the greatest equalisers of the modern world. Knowing that if you lose your job, or fall on hard times, there is a safety net to help you and your family, is also key to tackling inequality. Similarly, access to good quality education for all is a huge weapon against inequality.

I agree entirely that free public services reduce inequality. Indeed, the TUC itself has calculated that income inequality in the UK is some 30x: the top 10% get 30 times the bottom 10% in market incomes. By the time you add in all the effects of taxes, benefits, those free public services like health care and education, that true income disparity falls to 6x. Given that all rich world countries do indeed have free health care, state pensions, free at the point of use education and so on, it's thus very difficult indeed to see that inequality is anywhere near as bad as is being stated. For we do indeed all have those public sectors which reduce inequality. We cannot thus go around measuring inequality purely by market incomes. Thus the very measure that Oxfam is using is, by its own lights, incorrect. For you just cannot go around recommending state services as a method of reducing inequality without taking note of how state services already reduce inequality.

And there's a factual one too. The go to guy on inequality is Branco Milanovic. A slide show is here [6], a paper here [7]. Global inequality, the only form of inequality that a good little liberal should be concerned about at all, has fallen over the years. Substantially. As I've pointed out here [8], it's also true that the past few decades have seen the biggest reduction in actual poverty in the entire history of our species. And as here [9], the poorest of the poor, sub-Saharan Africa, has seen both rising incomes and falling inequality over that time period.

We've just managed, amazingly, to concoct the right economic policies to do exactly what Oxfam wants. We've let globalised capitalism rip and the poor are getting rich even as global inequality falls. So now they want us to stop doing what so obviously works.

I can really only think of three explanations for their desire to reverse all of these achievements. The first is that they're simply ignorant. Ignorant of the most basic facts about inequality and poverty. The second is that they've suffered some sort of brain spasm and need to go and have a little lie down. The third is that the organisation has been hijacked by loons. I'm afraid I just cannot think of any other reason why they would propose that we increase global inequality back to 1990 levels.

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