

# COVID Crisis Triggers Economic Devastation. A Quarter of a Billion More People Will Be Precipitated Into Extreme Poverty in 2022

By [Colin Todhunter](#)

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Theme: [Poverty & Social Inequality](#)

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*There is a [terrifying prospect](#) that in excess of a quarter of a billion more people will fall into extreme levels of poverty in 2022 alone. Without immediate radical action, we could be witnessing the most profound collapse of humanity into extreme poverty and suffering in memory.*

That is according to Oxfam International Executive Director Gabriela Bucher.

She adds this scenario is made more sickening given that trillions of dollars have been captured by a tiny group of powerful men who have no interest in interrupting this trajectory.

In its January 2021 report ‘[The Inequality Virus](#)’, Oxfam stated that the wealth of the world’s billionaires increased by \$3.9tn between 18 March and 31 December 2020. Their total wealth then stood at \$11.95tn, a 50 per cent increase in just 9.5 months.

In 2021, an Oxfam review of IMF COVID-19 loans showed that 33 African countries were encouraged to pursue austerity policies. This despite [the IMF’s own research showing austerity worsens poverty and inequality](#).

Barely days into the shutdown of the global economy in April 2020, the Wall Street Journal ran the headline ‘[IMF, World Bank Face Deluge of Aid Requests From Developing World](#)’. Scores of countries were asking for bailouts and loans from financial institutions with \$1.2 trillion to lend.

Prior to that, in late March, [World Bank Group President David Malpass](#) said that poorer countries would be ‘helped’ to get back on their feet after the various COVID-related lockdowns. However, any assistance would be on condition that further neoliberal reforms became embedded.

Malpass said:

“For those countries that have excessive regulations, subsidies, licensing regimes, trade protection or litigiousness as obstacles, we will work with them to foster markets, choice and faster growth prospects during the recovery.”

Two years on and it is clear what ‘reforms’ really mean. In a press release issued on 19 April 2022, Oxfam International insists the IMF must abandon demands for austerity as a cost-of-living crisis continues to drive up hunger and poverty worldwide.

According to Oxfam’s [analysis](#), 13 out of the 15 IMF loan programmes negotiated during the second year of COVID require new austerity measures such as taxes on food and fuel or spending cuts that could put vital public services at risk. The IMF is also encouraging six additional countries to adopt similar measures.

Kenya and the IMF agreed a \$2.3 billion loan programme in 2021, which includes a three-year public sector pay freeze and increased taxes on cooking gas and food. More than three million Kenyans are facing acute hunger as the driest conditions in decades spread a devastating drought across the country. Oxfam says nearly half of all households in Kenya are having to borrow food or buy it on credit.

At the same time, nine countries, including Cameroon, Senegal and Surinam, are required to introduce or increase the collection of VAT, a tax that disproportionately impacts people living in poverty.

In Sudan, nearly half of the population live in poverty. However, it has been told to scrap fuel subsidies which will hit the poorest hardest. A country already reeling from international aid cuts, economic turmoil and rising prices for everyday basics such as food and medicine. More than 14 million people need humanitarian assistance (almost one in every three people) and 9.8 million are food insecure in Sudan.

In addition, 10 countries are likely to freeze or cut public sector wages and jobs, which could mean lower quality of education and fewer nurses and doctors in countries already short of healthcare staff. Consider that Namibia had fewer than six doctors per 10,000 people in early 2020.

Prior to Covid, the situation was bad enough. The IMF had consistently pushed a policy agenda based on cuts to public services, increases in taxes paid by the poorest and moves to undermine labour rights and protections. As a result, 52 per cent of Africans lack access to healthcare and 83 per cent have no safety nets to fall back on if they lose their job or become sick.

Nabil Abdo, Oxfam International’s senior policy advisor, says:

“The IMF must suspend austerity conditions on existing loans and increase access to emergency financing. It should encourage countries to increase taxes on the wealthiest and corporations to replenish depleted coffers and shrink widening inequality.”

It is interesting to note what could be achieved. For instance, [Argentina has collected about \\$2.4 billion from its one-off pandemic wealth tax](#). Oxfam estimates that a ‘Pandemic Profits Tax’ on 32 super-profitable global companies could have generated \$104 billion in revenue

in 2020 alone.

Many governments are nearing debt default and being forced to slash public spending to pay creditors and import food and fuel. The world's poorest countries are due to pay \$43 billion in debt repayments in 2022, which could otherwise cover the costs of their food imports. Oil and gas giants are reporting record-breaking profits, with similar trends expected to play out in the food and beverage sector.

Oxfam and Development Finance International (DFI) have also revealed that 43 out of 55 African Union member states face public expenditure cuts totalling \$183 billion over the next five years.

Oxfam says that, despite COVID costs piling up and billionaire wealth rising more since COVID than in the previous 14 years combined, governments — with few exceptions — have failed to increase taxes on the richest.

Gabriela Bucher rejects any notion that governments do not have the money or means to lift all people out of poverty and hunger and ensure their health and welfare. She says the G20, World Bank and IMF must immediately cancel debts and increase aid to poorer countries and act to protect ordinary people from an avoidable catastrophe.

Nabil Abdo says:

“The pandemic is not over for most of the world. Rising energy bills and food prices are hurting poor countries most. They need help boosting access to basic services and social protection, not harsh conditions that kick people when they are down.”

The ‘pandemic’ is not over for most of the world – for sure. People too often conflate the effects of COVID-related policies with the impact of COVID itself. It is these policies that have caused the ongoing devastation to lives and livelihoods.

What it has amounted to is a multi-trillion-dollar bailout for a capitalist economy that was in meltdown prior to COVID. This came in the form of trillions of dollars pumped into financial markets by the US Fed (in the months prior to March 2020) and ‘COVID relief’.

As the world's richest people lined their pockets even more in the past two years, COVID IMF loans are now piling more misery on some of the world's poorest people. For them, ‘long COVID’ is biting austerity – their ‘new normal’.

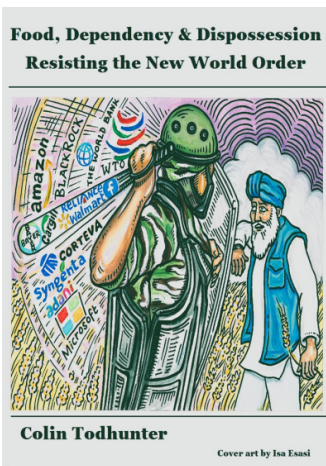
All this resulting from policies supposedly brought in to protect public health – a claim that rings hollower by the day.

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*We are currently seeing an acceleration of the corporate consolidation of the entire global agri-food chain. The high-tech/big data conglomerates, including Amazon, Microsoft, Facebook and Google, [have joined traditional agribusiness giants](#), such as Corteva, Bayer, Cargill and Syngenta, in a quest to impose their model of food and agriculture on the world.*

*The Bill and Melinda Gates Foundation is also involved (documented in '[Gates to a Global Empire](#)' by Navdanya International), whether through [buying up huge tracts of farmland](#), promoting a much-heralded ([but failed](#)) '[green revolution](#)' for Africa, pushing [biosynthetic food](#) and [genetic engineering technologies](#) or more generally [facilitating the aims of the mega agri-food corporations](#).*

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