

# THE INEQUALITY VIRUS

Bringing together a world torn apart by coronavirus through a fair, just and sustainable economy

Methodology note

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# 1 INTRODUCTION

This methodology note accompanies the 2021 Oxfam report *The Inequality Virus: Bringing together a world torn apart by coronavirus through a fair, just and sustainable economy*. It documents and describes the in-house estimations carried out for the report in the following areas:

- Extreme wealth and poverty trends;
- Economists' views on the impact of the COVID-19 pandemic on inequality;
- Women and Black people, Afro-descendants and Latinx groups during the pandemic;
- Tax shifts from corporations to households.

For each of these areas, we document sources and methods of estimation.

## Icons used



Most of the information that Oxfam uses in the calculations comes from open data. We point to the sources where data can be accessed and downloaded.



Important reminders and caveats.

## 2 WEALTH AND POVERTY TRENDS

### 2.1 BILLIONAIRES' WEALTH BEFORE AND DURING THE PANDEMIC

#### Data source

*Forbes* publishes a ranked list of billionaires' net worth both annually and daily on its World's Real-Time Billionaires list. For the present analysis, Oxfam used the annual list published in March 2020 and the Real-Time Ranking of 30 November 2020 and 31 December 2020.

Billionaires' wealth data are presented in billions of dollars for the day/month the information is captured.



*Forbes 2020 World's Billionaires List*

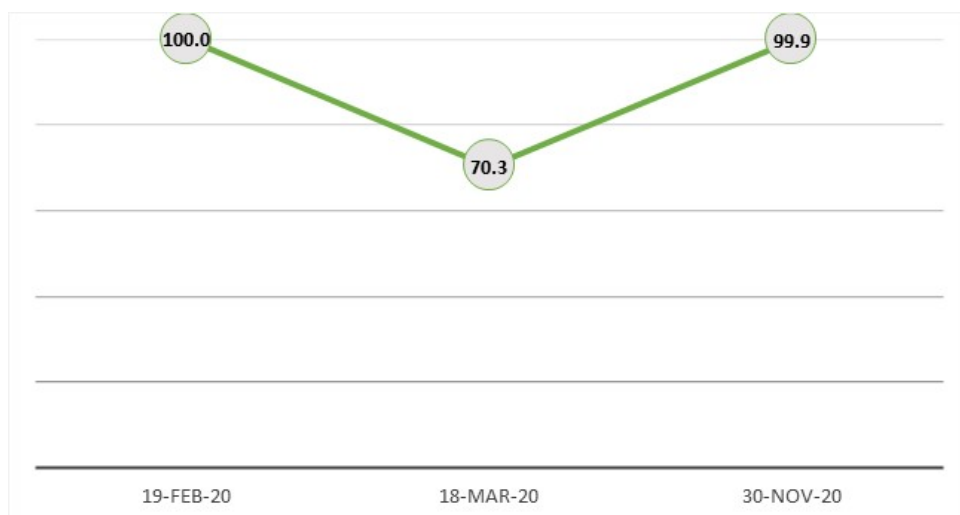
<https://www.forbes.com/billionaires/>

#### Oxfam's calculations

The annual 2020 *Forbes World's Billionaires List* was finalized on 18 March 2020, very close to the drop in global stock market prices and right after the World Health Organization characterized COVID-19 as a pandemic (on 11 March 2020). At this point there were 2,095 billionaires on the list, with a total combined wealth of \$8,037.5bn. By 31 December 2020, the list had 2,357 billionaires whose wealth amounted to \$11,954.7bn. Therefore, the wealth of all billionaires in the December list increased by \$3,917.2 billion in relation to all billionaires in the list in March.

The wealth of billionaires in March 2020 was arguably affected by the decline in stock market prices; these started recovering only after 23 March.<sup>1</sup> Therefore, it makes sense to compare billionaires' wealth during the pandemic to a pre-pandemic level or when stock market prices were at their peak. Following Credit Suisse's *Global Wealth Report* prediction of the wealth of the top 1,000 *Forbes* billionaires for 19 February 2020 – when the S&P 500 was at its highest – and adopting this as a baseline for comparison, we track billionaires' wealth until 30 November 2020. According to Credit Suisse's report, the net worth of the top 1,000 billionaires on 18 March 2020 was 70.3% of the value in February.<sup>2</sup> The wealth of the top 1,000 billionaires at this point in March totalled \$6,432.8bn. Assuming that this figure represents 70.3% of the value in February, we can estimate the value of wealth of the top 1,000 billionaires to be \$9,150.5bn in February. On 30 November 2020, the wealth of the top 1,000 billionaires was \$9,139bn. This amount represents 99.9% of the wealth of the top 1,000 billionaires in February 2020.

**Figure 1: Recovery in the wealth of the top 1,000 billionaires**



**Highlight 1:** It took just nine months for the fortunes of the top 1,000 billionaires to return to pre-pandemic highs.

### Looking at the worlds’ ten richest people as of 31 December 2020

The ten richest billionaires as of 31 December 2020 have seen their fortunes rise by \$540bn since the Annual Forbes list was published on 18 March 2020.

**Table 1: Change in wealth of top 10 billionaires of Forbes list, 18 March – 31 December 2020**

Rank	Name	Net Wealth 31 December 2020 (\$bn)	Net Wealth 18 March (\$bn)	Change (\$bn)
1	Jeff Bezos	191.2	113.0	78.2
2	Elon Musk	153.5	24.6	128.9
3	Bernard Arnault and family	151.9	76.0	75.9
4	Bill Gates	120.0	98.0	22.0
5	Mark Zuckerberg	99.9	54.7	45.2
6	Larry Ellison	87.7	59.0	28.7
7	Warren Buffett	86.8	67.5	19.3
8	Zhong Shanshan	78.6	2.0	76.6
9	Larry Page	76.6	50.9	25.7
10	Mukesh Ambani	76.3	36.8	39.5
<b>Total</b>				<b>540.0</b>

### Billionaires’ wealth and profits and workers’ earnings during the pandemic

Between 18 March and 31 October 2020, Mukesh Ambani, India’s richest man and chairman, managing director and largest shareholder of Reliance Industries Ltd – which specializes in petrol, retail and telecommunications – more than doubled his wealth, which rose from \$36.8bn to \$78.3bn in eight months. This meant that he jumped from being the 21st richest person in the world to the sixth richest. While we acknowledge that the increase was not linear, considering the 227 days between 18 March and 31 October, the \$41.5bn increase in his wealth means an average increase of \$182.8m per day.

The total salaries and wages of employees of Reliance Industries Ltd in 2019–20 amounted to INR 53,900,000,000, according to the company’s annual report.<sup>3</sup> Using an average exchange rate from April 2019 to

March 2020<sup>4</sup> (the reporting period for Reliance Industries), this is equivalent to \$760.3m.

**Highlight 2:** Between March and October 2020, the average increase in Mukesh Ambani's wealth in just over four days represented more than the combined annual wages of all Reliance Industries' 195,000 employees.

## High earners in the banking industry in the United Kingdom

According to the 2020 report of the European Banking Authority (EBA) on benchmarking of remuneration practices at the European Union level and data on high earners (using 2018 data), the UK had 31 staff in the banking industry earning above €10m or £8.9m, and one asset manager earning €34,606,330<sup>5</sup> or £30.8m (using the 2018 EUR–GBP FX exchange rate of 0.89135).<sup>6</sup>

**Table 1: Renumeration of high earners in the UK banking industry**

Payment bracket (millions of EUR)	Total number of high earners (identified staff)	Average total remuneration per individual (in EUR)
10–11	9	10,502,119
11–12	6	11,398,316
12–13	6	12,701,728
13–14	2	13,392,465
15–16	2	15,732,706
16–17	1	16,685,694
19–20	2	19,510,428
29–30	1	29,664,378
34–35	1	34,606,330
38–39	1	38,821,587
<b>Total</b>	<b>31</b>	

Source: EBA Report 2020, pp.76–78.

Meanwhile a newly qualified nurse working for the National Health Service (NHS) in England is at the bottom of pay band 5, which in 2017–18 was £22,128.<sup>7</sup> The ratio between these two jobs' earnings is 1:1,394.

**Highlight 3:** In 2018 one UK-based asset manager made £30.8 million in a single year, which is nearly 1,400 times more than a newly qualified nurse in England earned in the same year.

## 2.2 POVERTY ESTIMATES

### Data sources

Oxfam used the World Bank's estimates of global poverty under different inequality scenarios.<sup>8</sup> The authors measured the number of people potentially pushed into poverty by COVID-19 in 2020 for the three recognized poverty lines (\$1.90, \$3.20 and \$5.50 PPP per day) using two global economic growth scenarios: a baseline (contraction of global growth of about 5% in 2020 due to COVID-19) and a downside (a contraction of about 8% due to COVID-19).<sup>9</sup> For more information and for the methodology, visit the following pages:



World Bank Blogs: *Updated estimates of the impact of COVID-19 on global poverty: The effect of new data.* <https://bit.ly/37kpUau>



World Bank Blogs: *Projecting global extreme poverty up to 2030: How close are we to the World Bank's 3% goal?* <https://bit.ly/33xnT9U>



For the methodology: *How Much Does Reducing Inequality Matter for Global Poverty?* <https://bit.ly/3o1rk0i>

In Table 2 we reproduce the poverty projections shared by the authors, using the \$5.50 PPP per day poverty line and considering the different inequality and global growth contraction scenarios (baseline and downside) that Oxfam used to derive its estimates.

**Table 2: Global poverty headcount projections using \$5.50 PPP per day poverty line, 2020–30**

Year	Pct. change in Gini index	Poverty rate (%) under \$5.50			Number of people (million) living at under \$5.50		
		COVID-19 baseline	COVID-19 downside	Pre-COVID-19	COVID-19 baseline	COVID-19 downside	Pre-COVID-19
2019	0	41.6	41.6	41.6	3,190	3,190	3,190
2020	-2	42.3	43.0	40.1	3,279	3,330	3,106
2020	0	42.7	43.3	40.4	3,307	3,361	3,135
2020	2	43.0	43.8	40.8	3,337	3,393	3,166
2021	-2	41.4	42.5	38.6	3,240	3,328	3,020
2021	0	42.1	43.2	39.3	3,299	3,387	3,081
2021	2	42.8	44.0	40.1	3,356	3,445	3,143
2022	-2	40.0	41.1	37.1	3,167	3,255	2,937
2022	0	41.1	42.2	38.3	3,248	3,338	3,028
2022	2	42.2	43.3	39.5	3,335	3,427	3,122
2023	-2	38.7	39.8	35.7	3,093	3,176	2,852
2023	0	40.0	41.1	37.2	3,199	3,285	2,970
2023	2	41.6	42.7	38.9	3,322	3,410	3,107
2024	-2	37.4	38.5	34.3	3,017	3,102	2,764
2024	0	39.0	40.1	36.1	3,149	3,235	2,910
2024	2	41.1	42.1	38.4	3,315	3,398	3,095
2025	-2	36.2	37.2	32.7	2,943	3,026	2,663
2025	0	38.0	39.1	35.0	3,097	3,185	2,847
2025	2	40.6	41.7	37.9	3,306	3,392	3,087
2026	-2	34.8	35.9	31.2	2,861	2,949	2,563
2026	0	37.0	38.1	33.9	3,042	3,126	2,781
2026	2	40.2	41.2	37.5	3,302	3,384	3,077
2027	-2	33.4	34.5	29.5	2,769	2,863	2,443
2027	0	36.0	37.0	32.8	2,983	3,070	2,720
2027	2	39.8	40.8	37.1	3,298	3,383	3,072
2028	-2	31.9	33.0	27.8	2,669	2,758	2,322
2028	0	34.9	36.0	31.7	2,919	3,008	2,650
2028	2	39.4	40.4	36.7	3,296	3,379	3,071
2029	-2	30.3	31.4	25.9	2,551	2,648	2,187

2029	0	33.9	34.9	30.6	2,857	2,944	2,581
2029	2	39.0	40.0	36.4	3,292	3,377	3,072
2030	-2	28.6	29.7	24.2	2,428	2,523	2,054
2030	0	32.9	33.9	29.6	2,793	2,882	2,516
2030	2	38.8	39.8	36.2	3,296	3,383	3,079

Considering a global growth contraction of 8% (downside scenario):

**Highlight 4:** If governments allow inequality to increase by two percentage points annually, then in 2030, 501 million additional people will be living on less than \$5.50 a day compared with a scenario with no increase in inequality (3,383 – 2,882 = 501). The total number of people living in poverty in 2030 (3.4 billion) would still be higher than it was before the virus hit in 2019 (3.2 billion).

**Highlight 5:** If governments choose to act now to reduce inequality by two percentage points annually, then we could return to pre-crisis levels of poverty within just three years, and by 2030 860 million fewer people will be living in poverty than if inequality were left to increase (3,383 – 2,523 = 860).

**Highlight 6:** If countries act now to reduce inequality then poverty could return to pre-crisis levels in just three years, rather than in over a decade.

## Oxfam's calculations

### The value of preventing poverty due to COVID-19

According to World Bank estimates, 226 million people could fall below the poverty line (\$5.50 PPP per day) due to COVID-19 if global growth contracted by 8% (a downside scenario) in 2020. In addition, the estimated poverty gap – or the ratio by which the mean income falls below the poverty line – is 0.194.<sup>10</sup> Thus, the total amount of money needed to prevent people from falling into poverty due to COVID-19 per day is:

*Amount needed to prevent poverty = poverty gap \* poverty line \* N individuals in poverty*

*Amount needed to prevent poverty = 0.19 \* 5.5 \* 226,000,000*

*Amount needed to prevent poverty = 241,142,000*

The total amount needed to prevent 226 million people from falling into poverty due to COVID-19 is \$241.14m per day, or \$88,016,830,000 (\$88bn) for a whole year.

### The cost of delivering COVID-19 vaccines

Oxfam estimated the cost of delivering a COVID-19 vaccine to every person on the planet based on data provided by the Access to COVID-19 Tools (ACT) Accelerator.<sup>11</sup> This initiative reported that total funding of \$18.1bn was needed in 2020–21 for end-to-end production of two billion doses of vaccine globally, including research and development, manufacturing, procurement, distribution and delivery. Assuming that only one dose is needed per person over time, this is equivalent to a cost of \$9.05 per person, or \$70.6bn for the entire world population. Immunization rates for other diseases rarely reach 100%, however, and patients may require more than one dose for any COVID-19 vaccine to be effective over time. If, as is likely, two doses are required, the cost could be double this at \$141.2bn. Yet even this higher cost is more than covered by the increase in the wealth of the world's billionaires.



Because vaccine development is still underway, this should be considered a best-guess estimate at this particular time, as these costs will depend on a number of factors that cannot be determined currently.

**Highlight 7:** *The increase in the wealth of the 10 richest billionaires since the crisis began up to the end of December 2020 (\$540bn) is more than enough to prevent anyone on Earth from falling into poverty because of the virus, and to pay for a COVID-19 vaccine for everyone.*

**Highlight 8:** *It took just nine months for the fortunes of the top 1,000 billionaires to return to their pre-pandemic highs (see Highlight 1), but for the world's poorest people recovery could take more than a decade.*



# 3 VIEWS OF ECONOMISTS ON THE PANDEMIC'S IMPACT ON INEQUALITY

Oxfam conducted an online survey with economists (mostly senior economists) working in the field of inequality around the world. They included well-known figures such as Jeffrey Sachs, Jayati Ghosh and Gabriel Zucman.

**Design:** The survey was designed to capture a quantitative sense of trends in inequality across a variety of contexts and was deliberately kept simple. It was also translated into French and Spanish so that it could be inclusive to a wide range of economists.

**Circulation:** Oxfam circulated the survey among its established contacts in various economics departments and research institutes around the world and asked for it to be circulated among additional economic experts researching the effects of the coronavirus on inequality.

**Timespan:** From 18 October to 16 November 2020.

**Languages:** The survey was available in English, Spanish and French. The vast majority of respondents filled out the English-language version.

The list of questions and more details on the questionnaire and the treatment of data are presented in Annex 1. The anonymized raw data are available upon request.

## Results

After cleaning the data, as explained in Annex 1, Oxfam had a total of 295 responses from 79 countries (Kurdistan was counted as a country for this exercise). Respondents from Canada, Denmark, Netherlands, the UK, the USA and Spain in particular were over-represented in the survey. However, despite this unequal and by no means representative distribution of countries, key results referenced in our statistics are qualitatively similar, whether these countries are included or excluded from the sample.

**Highlight 9:** *87% of respondents expected income inequality in their country to either increase or strongly increase as a result of the coronavirus. This included economists from 77 of the 79 countries.*

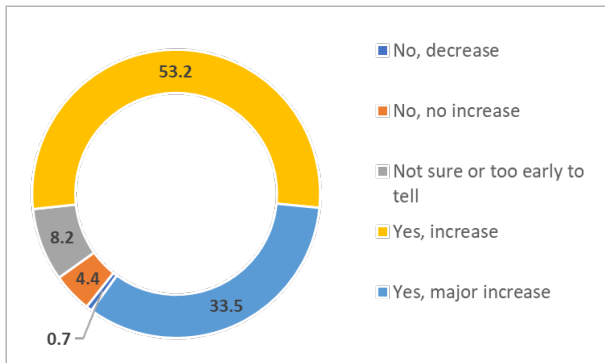
**Highlight 10:** *78% of respondents felt that wealth inequality was either going to increase or strongly increase, from 71 of the 79 countries.*

**Highlight 11:** *Over half of all respondents (56%) thought that gender inequality was likely or very likely to increase, and two-thirds (66%) thought the same for racial inequality.*

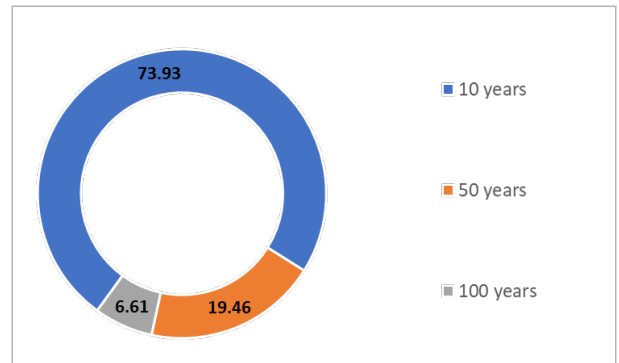
**Highlight 12:** *Two-thirds of respondents felt that their government did not have a plan in place to combat inequality.*

**Figure 2: Main results of economists' views on the impact of COVID-19 on inequality and government responses**

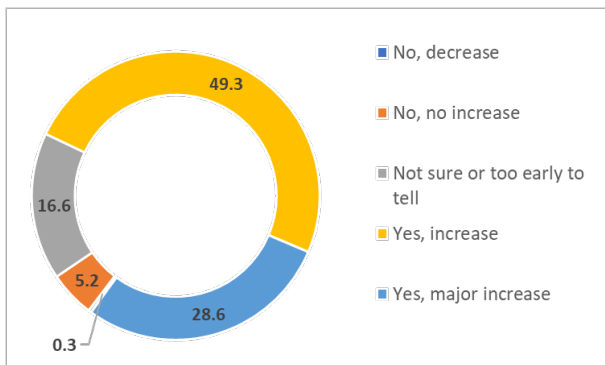
*Do you think coronavirus will lead to an increase in income inequality in your country?*



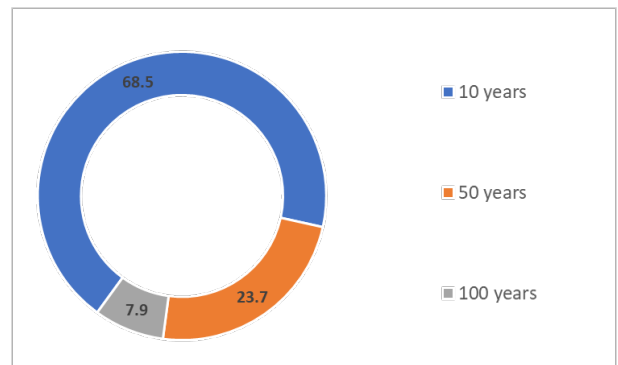
*For those who said income inequality will increase due to coronavirus: Do you think this increase will be the sharpest increase in income inequality in your country in:*



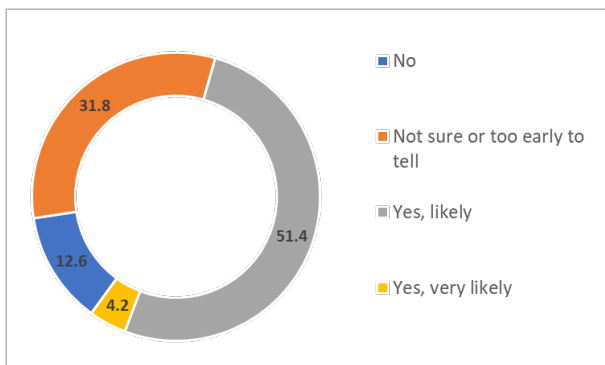
*Do you think coronavirus will lead to an increase in wealth inequality in your country?*



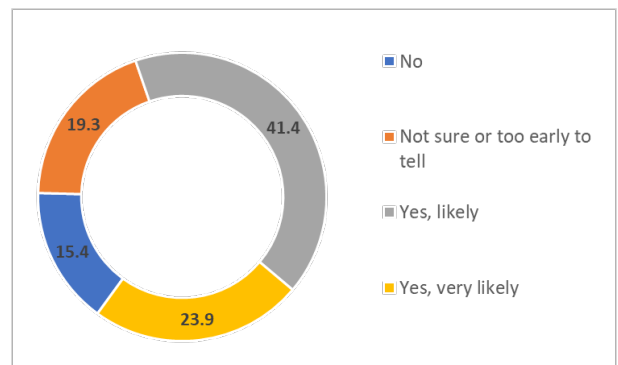
*For those who said wealth inequality will increase due to coronavirus: Do you think this increase will be the sharpest increase in income inequality in your country in:*



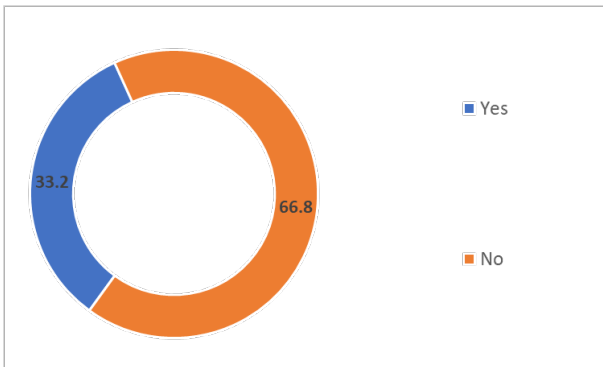
*Do you think that inequality between women and men will be increased by the impact of coronavirus in your country?*



*Do you think that inequality between white people and racial and ethnic minorities will be increased by the impact of coronavirus in your country?*



*Do you think your government has a plan in place to mitigate the increase in inequality likely because of coronavirus?*



# 4 EXPERIENCES OF WOMEN AND BLACK PEOPLE, AFRO-DESCENDANTS AND LATINX GROUPS DURING THE PANDEMIC

## 4.1 WOMEN IN THE INFORMAL ECONOMY

Information for this exercise comes mainly from different International Labour Organization (ILO) reports published prior to and during the pandemic.

### Data sources



ILO – Informal economy: *Women and men in the informal economy: A statistical picture*.

<https://bit.ly/3nCTcYd>



ILO – Potential impacts of the pandemic on earnings of informal workers (figure 4) in: *ILO Monitor: COVID-19 and the world of work*. Third edition. [https://www.ilo.org/wcmsp5/groups/public/---dgreports/--dcomm/documents/briefingnote/wcms\\_743146.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/--dcomm/documents/briefingnote/wcms_743146.pdf)

### Oxfam's calculations

According to the ILO, before the pandemic, of the two billion workers in informal employment worldwide, 740 million were women.<sup>12</sup> According to the same source, the median monthly earnings of informal workers before COVID-19 were \$894 (2016 PPP).<sup>13</sup> The expected median earnings of informal workers in the first month of the COVID-19 crisis were \$359 (2016 PPP), representing a reduction of \$535 (2016 PPP).<sup>14</sup> Considering the number of women in the informal sector prior to the pandemic, this would represent a total earnings loss of \$395.9bn (2016 PPP) for female workers in the first month of the crisis alone.

**Highlight 13:** *During the first month of the crisis, 740 million women working in the informal sector lost \$396bn in earnings.*

## 4.2 WOMEN IN SECTORS HARDEST HIT BY THE PANDEMIC

### Data sources



ILO Policy Brief: A gender-responsive employment recovery: Building back fairer

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_751785.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_751785.pdf)

### Oxfam's calculations

The ILO has highlighted the fact that COVID-19 has exacerbated existing gender inequalities amongst the employed. Sectoral segregation has meant that, globally, around 40% of employed women are working in sectors of the economy that have suffered more job and income losses (accommodation and food services, wholesale and retail trade, real estate, business and administrative activities and manufacturing). This figure increases to 49.1% if other medium-high risk services are included. In absolute terms, this means that 632 million women are at high and medium-high risk of losing their income or jobs.

In comparison, the ILO has estimated that 40.4% of employed men are working in such high and medium-high risk sectors. If working women were employed at the same rate as men in these sectors, 520 million women would be at high or medium-high risk of losing their incomes or jobs, instead of 632 million. This is a reduction of 112 million women.

**Table 3: Estimation of women no longer at risk of losing their incomes or jobs**

	Women		Men	
	%	No	%	No
Employed in high-risk sectors	39.6	510	36.6	745
Employed in other medium-high risk services	9.5	122	3.8	78
Employed in high and medium-high risk sectors	<b>49.1</b>	<b>632</b>	<b>40.4</b>	<b>823</b>
Total employed	100.0	1,287	100.0	2,037
<i>Women employed at same rate as men in high-risk sectors</i>	<i>40.4</i>	<i>520</i>		
<b>Difference</b>		<b>112</b>		

**Highlight 14:** Globally, women are over-represented in the sectors of the economy that have been hardest hit by the pandemic. If women were represented at the same rate as men in these sectors, 112 million women would no longer be at high risk of losing their incomes or jobs.

## 4.3 BLACK AND LATINX PEOPLE'S VULNERABILITY TO COVID-19 IN THE US

Oxfam has estimated the vulnerability of Black and Latinx people to COVID-19 in relation to White people in the United States using information from the Centers for Disease Control and Prevention (CDC) and census estimates for 2019. The U.S. Census Bureau and the CDC use the term 'Hispanic' to collect disaggregated data by race and ethnicity. This term, however, has historically centred Spanish colonization and whiteness, and is widely perceived as erasing the Indigenous and African heritage of the geographical lands of Latin America. Instead, Oxfam uses the gender non-binary identifier 'Latinx' which attempts to create an inclusive collective

identity, while also interrogating the ways that people are historically positioned.

## Data sources



CDC database on Provisional Death Counts for Coronavirus Disease (accessed on 10 December 2020)

[y5uh/data](https://data.cdc.gov/NCHS/Provisional-Death-Counts-for-Coronavirus-Disease-C/pj7m-y5uh/data)

[https://data.cdc.gov/NCHS/Provisional-Death-Counts-for-Coronavirus-Disease-C/pj7m-](https://data.cdc.gov/NCHS/Provisional-Death-Counts-for-Coronavirus-Disease-C/pj7m-y5uh/data)



2019 Census estimates data

<https://www.census.gov/quickfacts/fact/table/US/PST045219>

## Oxfam's calculations

According to the CDC, there were a total of 249,570 COVID-19-related deaths between 1 February and 5 December 2020 in the United States. Of this total:

- Non-Hispanic Black or African-Americans represented 18.2% (or 47,617 deaths);
- Hispanics or Latinos represented 19.4% (or 50,710 deaths);
- Non-Hispanic Whites represented 56.6% (or 148,043 deaths).

Using the total population by race from the 2019 Census estimates and the shares of population by race provided by the CDC, we can infer the sizes of each of the target populations. Accordingly:

- Non-Hispanic Black or African-Americans represent 12.5% of the total US population (or 41,029,940 people);
- Hispanics or Latinos represent 18.5% (or 60,724,312 people);
- Non-Hispanic Whites represent 56.6% or (197,271,953 people).

With this information, we can now infer the death rates due to COVID-19 among each target group.

- The death rate among non-Hispanic Black or African-Americans is 0.116%
- The death rate among Hispanics or Latinos is 0.084%
- The death rate among non-Hispanic Whites is 0.075%.

If death rates among non-Hispanic Blacks or African-Americans and Hispanics or Latinos had been the same as among Whites, a total of 30,791 and 45,571 deaths for Blacks and Hispanics respectively would have been registered, meaning that there have been 16,826 deaths in excess for Blacks and 5,139 for Hispanics. Table 4 summarizes these estimates

**Table 4: Estimate of excess deaths for Blacks and Hispanics in the US**

<b>US total population</b>	<b>328,239,523</b>
<b>Number of deaths, 1 February 2020–5 December 2020</b>	<b>261,530</b>
<i>Non-Hispanic White</i>	
<i>Total population</i>	197,271,953
<i>Total deaths</i>	148,043
<i>% deaths among group</i>	0.075
<i>Non-Hispanic Black or African-American</i>	
<i>Total population</i>	41,029,940
<i>Total deaths</i>	47,617
<i>% deaths among group</i>	0.116
<i>Total deaths at non-Hispanic White rate (0.075%)</i>	30,791
<i>Excess non-Hispanic Black or African-American deaths</i>	16,826
<i>Hispanic or Latino</i>	
<i>Total population</i>	60,724,312
<i>Total deaths</i>	50,710
<i>% deaths among group</i>	0.084
<i>Total deaths at non-Hispanic White rate (0.075%)</i>	45,571
<b><i>Excess Hispanic/Latino deaths</i></b>	<b>5,139</b>
<b>Combined excess deaths</b>	<b>21,965</b>

**Highlight 15:** *In the USA, Latinx and Black people are more likely to die of COVID-19 than White people. If death rates among these two groups had been the same as for White people between February and December 2020, then close to 22,000 Latinx and Black people would still have been alive.*

## 4.4 VULNERABILITY OF AFRO-DESCENDANTS IN BRAZIL TO COVID-19

In a similar way to the previous exercise, Oxfam estimated excess deaths of Afro-descendants in Brazil, this time using information from the national statistics agency, Instituto Brasileiro de Geografia e Estatística (IBGE), and business data platform Statista.

### Data sources



Statista – for total cases and deaths in Brazil, 26 February–11 December.

<https://www.statista.com/statistics/1107028/brazil-covid-19-cases-deaths/>

## Oxfam's calculations

In June 2020, an article by CNN Brazil, based on IBGE's estimations, showed that 57% of deaths from COVID-19 in Brazil were of people of Afro-descent, while White people accounted for 41% of deaths.<sup>15</sup> By 29 June, the total number of deaths in Brazil due to COVID-19 was 57,622, including 32,845 total deaths for Afro-descendants and 23,625 deaths for White people. If the death rate for Afro-descendants had been the same as for White people, a total of 9,220 Afro-descendants would still have been alive.

**Highlight 16:** *In Brazil, if the COVID-19 death rate had been the same for Afro-descendants as for White Brazilians, then as of June 2020 a total of 9,220 Afro-descendants would still have been alive.*



# 5 TAX SHIFTS FROM CORPORATIONS TO HOUSEHOLDS

## Data source

The data for this section comes from the OECD Global Revenue Statistics Database (OECD.Stat), which includes information for 37 OECD and 68 other countries (see full list in Annex 2).



OECD.Stat – Global Revenue Statistics Database.

<https://stats.oecd.org/index.aspx?lang=en#>

## Oxfam's calculations

Oxfam estimated annual (unweighted) averages of corporate income tax (CIT) rates, wealth taxes (including property, inheritance and net wealth), personal income taxes (PIT), payroll taxes (including social security and other payroll taxes), taxes on goods and services (including VAT, sales taxes, excise taxes and custom duties) and other taxes from 2007 to 2017 – covering a period from before the financial crisis up to the most recent year with the most complete data for a sample of 78 countries.<sup>16</sup>

Tax shifts are estimated as differences in tax revenues (as a percentage of GDP) between 2007 and 2017. Positive results indicate a higher tax burden in 2017 than in 2007, while negative results reflect a higher tax burden in 2007 than in 2017. Table 5 summarizes the results.

**Table 5: Composition and variation in taxes as a percentage of GDP, 2007–17**

	2007	2017	Variation 2007–17	2017, % total taxes
<i>Corporate income tax</i>	3.5%	3.1%	-9.9%	12.7%
<i>Wealth taxes</i>	1.1%	1.0%	-1.3%	4.2%
<i>Personal income tax</i>	4.6%	5.2%	12.7%	21.1%
<i>Payroll taxes</i>	4.5%	5.1%	13.0%	20.6%
<i>Taxes on goods &amp; services</i>	9.8%	10.7%	9.8%	43.7%
<i>Other taxes</i>	0.2%	0.2%	2.3%	0.9%
<b>Total taxes</b>	<b>22.9%</b>	<b>24.6%</b>	<b>7.1%</b>	<b>100.0%</b>

Between 2007 and 2017, CIT revenue relative to GDP decreased by almost 10% while revenues on payroll taxes, PIT and taxes on goods and services increased by 13.0, 12.7 and 9.8%, respectively. This implies a shift from corporate to household taxes during this period.

# ANNEXES

## ANNEX 1: ONLINE SURVEY

**Invitation to complete the survey:** ‘Oxfam is surveying economists from across the world on what impact they think COVID-19 is going to have on inequality in their country. We are looking at both income and wealth inequality. We aim to use the results to publish in our annual report on inequality. Thank you so much for taking the time to do this.’

**Introduction to survey:** ‘We are preparing our paper for Davos next year, and as part of this we are doing a survey of economists all over the world to see what they think is going to happen to inequality in their country. If you are an economist, or know one, please do take five minutes to fill this survey in and share it around.’

**Anonymity:** Oxfam gave an option to fill in the survey anonymously. This was done in order to ensure that a wide range of responses could be collected, including from contexts where respondents did not feel comfortable giving identifiable information. While in theory this means it is possible that non-experts or non-economists filled in the survey, the data cleaning process explained below provides a good level of confidence that there were few such entries among the responses. Those that could be identified as non-economists, a small number, were dropped, according to the steps explained below.

**Data cleaning:** Completed surveys that did not name the respondent’s country (and where this could not be identified based on their name/affiliation) and unfinished surveys were dropped. This left a total of 313 responses from 83 countries. Further entries were dropped after controlling for verifiable details of the respondents as economists, ultimately leaving 295.

### Survey questions

1. Country (please indicate the country that you refer to in your answers)

[Text]

2. Do you think coronavirus will lead to an increase in income inequality in your country?

- No, decrease
- No, no increase
- Not sure or too early to tell
- Yes, increase
- Yes, major increase

3. If you think income inequality is going to increase over the two years between March 2020 to March 2022 as a result of coronavirus, do you think this increase will be the sharpest increase in income inequality in your country (defined as a decrease in the income of the bottom 50% and an increase in the income of the top 10% and top 1%) in:

- 10 years
- 50 years
- 100 years

4. Do you think coronavirus will lead to an increase in wealth inequality in your country?

- No, decrease
- No, no increase
- Not sure or too early to tell

- Yes, increase
  - Yes, major increase
5. If you think wealth inequality is going to increase over the two years between March 2020 to March 2022 as a result of coronavirus, do you think this increase will be the sharpest increase in wealth inequality in your country (defined as a decrease in the wealth of the bottom 50% and an increase in the wealth of the top 10% and top 1%) in:
- 10 years
  - 50 years
  - 100 years
6. Do you think your government has a plan in place to mitigate the increase in inequality likely because of coronavirus?
- Yes
  - No
7. Do you think that inequality between women and men will be increased by the impact of coronavirus in your country?
- No
  - Not sure or too early to tell
  - Yes, likely
  - Yes, very likely
8. Do you think that inequality between white people and racial and ethnic minorities will be increased by the impact of coronavirus in your country?
- No
  - Not sure or too early to tell
  - Yes, likely
  - Yes, very likely
9. If an increase in wealth or income inequality is likely, what mechanisms are triggering this?
- [Text]
10. Is there anything more you would like to add about your view on what coronavirus is going to do to inequality in your country?
- [Text]

## ANNEX 2: TAX SHIFT FROM CORPORATIONS TO HOUSEHOLDS

### 37 OECD countries:

- 1 Australia
- 2 Austria
- 3 Belgium
- 4 Canada
- 5 Chile
- 6 Colombia
- 7 Costa Rica
- 8 Czech Republic
- 9 Denmark
- 10 Finland
- 11 France
- 12 Germany
- 13 Greece
- 14 Hungary
- 15 Iceland
- 16 Ireland
- 17 Israel
- 18 Italy
- 19 Japan
- 20 Korea
- 21 Latvia
- 22 Lithuania
- 23 Luxembourg
- 24 Mexico
- 25 Netherlands
- 26 New Zealand
- 27 Norway
- 28 Poland
- 29 Portugal
- 30 Slovak Republic
- 31 Slovenia
- 32 Spain
- 33 Sweden
- 34 Switzerland
- 35 Turkey
- 36 United Kingdom
- 37 United States

### 68 other countries:

- 1 Argentina
- 2 Bahamas
- 3 Barbados
- 4 Belize
- 5 Bhutan
- 6 Bolivia
- 7 Botswana
- 8 Brazil
- 9 Bulgaria
- 10 Burkina Faso
- 11 Cabo Verde
- 12 Cameroon
- 13 China (People's Republic of)
- 14 Congo
- 15 Cook Islands
- 16 Côte d'Ivoire
- 17 Cuba
- 18 Democratic Republic of the Congo
- 19 Dominican Republic
- 20 Ecuador
- 21 Egypt
- 22 El Salvador
- 23 Equatorial Guinea
- 24 Estonia
- 25 Eswatini
- 26 Fiji
- 27 Ghana
- 28 Guatemala
- 29 Guyana
- 30 Honduras
- 31 Indonesia
- 32 Jamaica
- 33 Kazakhstan
- 34 Kenya
- 35 Liechtenstein
- 36 Madagascar
- 37 Malaysia
- 38 Mali
- 39 Mauritania
- 40 Mauritius
- 41 Mongolia
- 42 Morocco
- 43 Nauru
- 44 Nicaragua
- 45 Niger
- 46 Nigeria
- 47 Panama
- 48 Papua New Guinea
- 49 Paraguay
- 50 Peru
- 51 Philippines
- 52 Rwanda
- 53 Saint Lucia
- 54 Samoa
- 55 Senegal
- 56 Seychelles
- 57 Singapore
- 58 Solomon Islands
- 59 South Africa
- 60 Thailand
- 61 Togo
- 62 Tokelau
- 63 Trinidad and Tobago
- 64 Tunisia
- 65 Uganda
- 66 Uruguay
- 67 Vanuatu
- 68 Venezuela

# NOTES

- 1 Credit Suisse. (2020). *Global Wealth Report 2020*, p.15. <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>
- 2 Ibid., p.31.
- 3 See [https://www.ril.com/ar2019-20/pdf/Reliance\\_IR%202020%20\(FULL\)%20Single%20Page.pdf](https://www.ril.com/ar2019-20/pdf/Reliance_IR%202020%20(FULL)%20Single%20Page.pdf)
- 4 See <https://www.x-rates.com/average/?from=USD&to=INR&amount=1&year=2019>
- 5 European Banking Authority. *EBA Report 2020: Benchmarking of Remuneration Practices at the European Union Level (2017 and 2018 Data) and Data on High Earners (2018 Data)*. <https://eba.europa.eu/eba-observes-increase-high-earners-2018-and-persistence-differences-remuneration-practices-across-eu>
- 6 Ibid., p.14.
- 7 See Royal College of Nursing. *NHS Pay Scales 2017–18*. <https://www.rcn.org.uk/employment-and-pay/nhs-pay-scales-2017-18>
- 8 C. Lakner et al. (2020). *How Much Does Reducing Inequality Matter for Global Poverty?* World Bank Global Poverty Monitoring Technical Note 13. <http://documents1.worldbank.org/curated/en/765601591733806023/pdf/How-Much-Does-Reducing-Inequality-Matter-for-Global-Poverty.pdf>
- 9 C. Lakner et al. (2020, October 7). *Updated estimates of the impact of COVID-19 on global poverty: the effect of new data*. World Bank Blogs. <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty-effect-new-data>
- 10 The authors estimated the poverty gap at \$5.50 PPP per day to be 17.5% in the pre-COVID-19 scenario, 19.0% in the baseline scenario and 19.4% in the downside scenario.
- 11 For more details on the ACT-Accelerator estimates, see: Gavi. (2020). *COVAX, the ACT-Accelerator Vaccines pillar: Insuring accelerated vaccine development and manufacture*. <https://www.who.int/publications/m/item/covax-the-act-accelerator-vaccines-pillar>
- 12 See first ILO source: *Women and men in the informal economy: A statistical picture*.
- 13 See second ILO source: *ILO monitor: COVID-19 and the world of work*. Third edition.
- 14 ILO estimates of median earnings for informal workers are based on weighted averages from 64 countries, with data collected on a time interval between 2016 and 2019. The estimates include earnings by own-account workers, employers' self-reported earnings and wages of waged employees. They exclude unpaid family workers who are not usually asked to declare monetary earnings. Whenever possible, estimates include earnings from jobs other than the main job. The original local currency values have been converted to constant 2016 PPP dollars. The countries covered represent 65% of the world's employees and include the economies with the largest population in each region. No data is available for Arab economies.
- 15 D. Viñas, P. Duran and J. Carvalho. (2020, June 5). *Morrem 40% mais negros que brancos por coronavírus no Brasil*. CNN Brasil. <https://www.cnnbrasil.com.br/saude/2020/06/05/negros-morrem-40-mais-que-brancos-por-coronavirus-no-brasil>, sourced from the Instituto Brasileiro de Geografia e Estatística.
- 16 The OECD also has information for 2018, but this year includes only half of the countries.

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