



## Poverty and Crisis: Sucking Humanity Dry

### Description

*The [World Bank](#) says nearly 80% (560 million) of the 700 million people who were pushed into extreme poverty in 2020 due to COVID policies were from India. Globally, extreme poverty levels increased by 9.3 per cent in 2020.*

In 2022, it was estimated that a quarter of a billion people across the world would be pushed into absolute poverty in that year alone.

In the UK, poverty is increasing in two-thirds of communities, as millions go without heat and skip meals. Due to the 'cost-of-living crisis', 10.5 million are experiencing financial difficulty. An additional 13.7 million people would be at risk of financial difficulty with further increases in costs.

Living standards in the UK are plummeting. For instance, 28 per cent (up from 9 per cent pre-COVID) of UK adults said that they could not afford to eat balanced meals. Absolute poverty is set to rise from 17.2 per cent in 2021-22 to 18.3 per cent in 2023-24, pushing an additional 800,000 people into poverty.

In England, 100,000 children have been frozen out of free school meals.

In the US, around 30 million low-income people are on the edge of a 'hunger cliff' as a portion of their federal food assistance is taken away. In 2021, it was estimated that one in eight children were going hungry in the US.

Small businesses are filing for bankruptcy in the US at a record rate. Private bankruptcy filings in 2023 have exceeded the highest point recorded during the early stages of COVID by a considerable amount. The four-week moving average for private filings in late February 2023 was 73 per cent higher than in June 2020.

Meanwhile, nearly 100 of the biggest US publicly traded companies recorded 2021 profit margins that were at least 50 per cent higher than their 2019 levels.

The Bank of England's chief economist **Huw Pill** says that people should 'accept' being poorer. This is

similar to the response of **Rob Kapito**, co-founder of the world's biggest asset management firm BlackRock. In 2022, he said that a "very entitled" generation of people who have never had to sacrifice would soon have to face shortages for the first time in their lives.

## Crisis – what crisis?

Of course, Kapito is no doubt referring to ordinary US citizens and not himself. Kapito, as the president of BlackRock, made \$26,750,780 in total compensation in 2021.

Nor is he referring to the high-net-worth individuals who benefit from hunger by investing in BlackRock, a firm that continues to profit from a globalised food system which – by design – leaves around a billion people experiencing malnutrition. BlackRock is one of the rich 'barbarians at the barn' who continue to make huge financial killings from an exploitative food regime.

Kapito and Pill tell ordinary people to get used to their 'new normal' while business as usual prevails elsewhere, not least in one of the world's most financially lucrative sectors – arms manufacturing. The war in Ukraine has been a 'gold rush' for Western arms makers as wealthy US neocons like Victoria Nuland continue to try to bring about 'regime change' in Russia by fighting Moscow to the last Ukrainian.

When Huw Pill tells ordinary people to get used to being poorer, he is not referring to the individuals and firms who have made hundreds of millions of pounds (courtesy of the taxpayer) from corrupt COVID equipment contracts thanks to the UK government prioritising politically connected suppliers at the start of COVID.

And this cannot be brushed aside as a 'one-off'. These revelations are merely the tip of a massive corruption iceberg.

For example, Byline Times reports a cross-party parliamentary watchdog raised concerns that decisions on how to award money from the £3.6 billion towns fund, designed to boost economic growth in struggling towns, were politically motivated. It also notes that 40 potential breaches of the Ministerial Code were not investigated in the past five years.

Little wonder that in January 2023 the UK plunged to its lowest-ever position in the Transparency International Corruption Perceptions Index.

Consider that the UN estimates that just \$51.5 billion would be enough to provide food, shelter and lifesaving support for the world's 230 million most vulnerable people. Then consider that 20 corporations in the grain, fertiliser, meat and dairy sectors delivered \$53.5 billion to shareholders in the financial years 2020 and 2021.

According to Global Witness, 'excess profits' are sudden and significant increases in a company's financial returns that are due not to their own actions but to external events. The EU says profits count as 'excess' when they are more than 20% above the average return of the previous four years.

Global Witness finds that the 2022 annual profits of the five largest integrated private sector oil and gas companies – Chevron, ExxonMobil, Shell, BP and TotalEnergies – were \$195 billion. Up by almost 120% on 2021 and the highest level in the industry's history.

This means that these companies made \$134 billion in excess profits, which could cover nearly 20% of the money all European governments together have allocated to shielding vulnerable households and businesses from the current energy crisis.

Centrica, the company that owns British Gas, reports record profits for 2022. Operating profits of £3.3bn were recorded, up from £948m in 2021. This surpassed its previous highest ever yearly profit of £2.7bn in 2012.

In May 2021, it was reported that COVID vaccines had created at least nine new billionaires. According to research by the People's Vaccine Alliance, the new billionaires included Moderna CEO Stéphane Bancel and Ugur Sahin, the CEO of BioNTech, which has produced a vaccine with Pfizer. Both CEOs were then worth around \$4 billion. Senior executives from China's CanSino Biologics and early investors in Moderna have also become billionaires.

Although the nine new billionaires were at that time worth a combined \$19.3 billion, the vaccines were largely funded by public money. For instance, according to a May 2021 report by CNN, BioNTech received €325 million from the German government for the development of the vaccine. The company made a net profit of €1.1 billion in the first three months of the year, thanks to its share of sales from the COVID vaccine, compared with a loss of €53.4 million for the same period last year.

Moderna was expected to make \$13.2 billion in COVID vaccine revenue in 2021. The company received billions of dollars in funding from the US government for development of its vaccine.

This article has briefly touched on **four horses of the economic apocalypse – agribusiness, oil, arms and big pharma**. But let's finish by mentioning the fifth and the most powerful – finance. The sector which sparked the devastation that we now see.

By late 2019, a financial crisis was looming. It was multiple times worse than the 2008 one.

Investigative journalist Michael Byrant says that €1.5 trillion was needed to deal with the crisis in Europe alone. The financial collapse staring European central bankers in the face came to a head in 2019:

“All talk about big finance bankrupting the nation by looting public funds, politicians destroying public services at the behest of large investors and the depredations of the casino economy were washed away with COVID. Predators who saw their financial empires coming apart resolved to shut down society. To solve the problems they created, they needed a cover story. It magically appeared in the form of a ‘novel virus’.”

The European Central Bank agreed to a €1.31 trillion bailout of banks followed by the EU agreeing to a €750 billion recovery fund for European states and corporations. This package of long-term, ultra-cheap credit to hundreds of banks was sold to the public as a necessary programme to cushion the impact of the pandemic on businesses and workers.

What happened in Europe was part of a strategy to avert the wider systemic collapse of the hegemonic financial system. And what we now see is an interrelated global debt, inflation and 'austerity' crisis and the biggest transfer of wealth to the rich in history under cover of a 'cost-of-living crisis'.

As millions of workers take strike action in the UK, Huw Pill implies that they should accept their plight as inevitable. But they have no reason to.

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. Between April and July 2020, during the initial lockdowns, the wealth held by these billionaires grew from \$8 trillion to more than \$10 trillion.

The only thing inevitable about the current crisis was the collapse of a debt-fuelled, unsustainable neoliberalism set up to facilitate outright plunder by the super-rich who have offshored more than \$50 trillion in hidden accounts.

by **Colin Todhunter**

### **Category**

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