

"TAX US"? NO, VERY FEW RICH PEOPLE WOULD LOVE TO PAY HIGHER TAXES

BY RAINER ZITELMANN

A letter written by America's 18 (which is only 3% of the country's billionaires population) richest individuals addressed to the 2020 Presidential contenders who "want to pay more taxes" believe that their wealth is a powerful tool to solving the world's climate crisis and "should be used specifically to fund the programs that are most important to the largest number of people". But do they really put their money where their mouth is? Imposing a higher wealth tax to the richest people may sound easy, but it is not really.

Media outlets all around the world devoted extensive coverage to a letter calling for "a moderate wealth tax on the fortunes of the richest one-tenth of the richest 1% of Americans – on us." Eighteen wealthy individuals from 11 different families added their names to the letter and the *New York Times* ran an article under the headline: "A Message From the Billionaire's Club: Tax Us."

There's nothing new about such calls. In fact, they appear year in, year out. The rich people who sign up are almost always involved in left-wing politics or have a long and public track record of anti-capitalist beliefs. Frequently, it is the same individuals (such as George Soros) who support each new initiative. As the *New York Times* concedes, the same is true this time around: "All are active in progressive research and political organisations, some of which are pointedly focused on the swelling gap between the richest Americans and everyone else."



George Soros, billionaire and founder of Soros Fund Management LLC

It's Not "The" Billionaires, It's Just 3%

Early in their careers, journalists learn the following rule: "When a dog bites a postman, it's not a story. When a postman bites a dog, that's a story." And it's only logical: media outlets don't run stories about each of the thousands of planes that land safely every day – they only report when a plane crashes. The same applies to coverage of "the rich" who allegedly want to pay more taxes. These reports can easily create a false impression: that a majority of the rich, or at least a very large proportion of rich people, believe they pay too little tax.

Clearly, this impression is precisely what such reports are designed to convey, because it confirms the views of anti-capitalists, who already believe that "the rich" aren't paying anywhere near enough taxes anyway. The strong implication to readers is that "if even the rich believe they are not paying their fair share of taxes, then it must be time to raise taxes."

In the most recent case, a total of 18 people signed a letter to the 2020 Presidential contenders. That means that only 3% of the 607 billionaires in America



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signed the letter – and 97% did not. Even if a few more billionaires do sign up to the initiative, the facts remain the same: It's not "the" billionaires who are keen to pay more taxes, it's just an extremely small minority.

Some of the billionaires who have thrown their political weight behind calls for higher wealth taxes are well known for personally avoiding taxes if they can. For example, the investor George Soros, one of the letter's most prominent signatories, is among those who fund the International Consortium of Investigative Journalists (ICIJ). Over the last few years, the ICIJ has published a number of high-profile stories, including the Paradise Papers. Ironically, during their research, the journalists discovered that Soros himself was among the names in the papers. According to *Süddeutsche Zeitung*, one of Germany's leading newspapers and the lead media outlet on the Paradise Papers research, Soros ran a network of offshore companies through the law firm Appleby, including shell companies in the British Virgin Islands or Bermuda.

"A Powerful Tool for Solving Our Climate Crisis." Really?

The small number of rich people who think they are paying too little tax frequently offer suggestions on how to spend the extra tax revenues a wealth tax would generate. Frequently, these suggestions depend on which issue is currently dominating the front pages. This time, the claim is that, "A Wealth Tax is a powerful tool for solving our climate crisis." By referencing the fight against climate change at the top of their list of justifications for a wealth tax, the billionaires' letter suggests that extra tax revenues would be used specifically to fund the programs that are most important to the largest number of people. Of course this is not true. In fact, any additional federal tax revenues from a new wealth tax would flow into general tax revenues rather than being used to fund specific programs.

If a few billionaires want to pay more taxes, they can send a check to the IRS themselves. But why do they feel the need to force other rich people to pay more?

And how else would the money that the letter's signatories think should go to the state actually be used? Billionaires only spend a very small proportion of their money on private consumption. The lion's share of their wealth is tied up in productive investments – such as stocks – which not only increase their wealth, but also add to the prosperity of society as a whole. Other billionaires have decided to donate a substantial portion of their wealth – including those who have signed up to the Giving Pledge initiative. In both cases, the money is probably better spent than if it were swallowed up by higher taxes. 🇺🇸



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