

# American Thinker

## Bernie Sanders's plan to Venezuelify America

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As Joe Biden hides in his basement, Bernie Sanders has been busy, beavering away on a plan to impoverish the entire U.S.

According to [Fox News](#):

[Sen. Bernie Sanders](#), D-Vt., said that the U.S. will tax “billionaires’ outrageous pandemic wealth” incurred between the months of March and August – a period when 50 million Americans applied for jobless aid.

“We are going to tax Jeff Bezos, Elon Musk, Mark Zuckerberg, and the other billionaires’ outrageous pandemic wealth accumulation so we can provide health care to all our people,” Sanders said in a tweet Saturday.

Sanders co-sponsored the [Make Billionaires Pay Act](#) that impose a one-time 60 percent “windfall” tax on \$731 billion accumulated by 467 billionaires, over the six month period.

“At a time of enormous economic pain and suffering, we have a fundamental choice to make,” Sanders said in a statement Thursday.

“We can continue to allow the very rich to get much richer while everyone else gets poorer and poorer. Or we can tax the winnings a handful of billionaires made during the pandemic to improve the health and well-being of tens of millions of Americans,” Sanders said.

Apparently, guys like that are happy to sit there and let themselves be harvested. Some are probably laughing up their sleeves at this boob, knowing way upon way to ensure that he never gets it.

Because that's what always happens when some fool comes up with the popping, fizzling lightbulb idea of taxing wealth as a magic means of giving the government the unlimited funding for social programs that socialists want, and the unlimited power that comes of it. Just harvest it from the rich guys, they'll never know. Why didn't they all think of this before?

But of course, it has been thought of before, time and time again, and every last time it's led to disaster.

Let's take a look at what one of Bernie Sanders' socialist models has done. In Venezuela, Hugo Chavez enacted a 61.5% tax on income -- and triggered a massive round of capital flight, Chavez yelling to the fleeing expats to "go to Miami" to express his contempt. The country then descended into a shambles. According to Wikipedia:

The Venezuelan government instituted several new taxes on non-priority and luxury goods, aiming to shift the nation's tax burden from the poor to the wealthy, and to control inflation.<sup>[92][93][94]</sup> In 2012, Venezuela's taxes were ranked 188th out of 189 countries due to the high number of payments per year and a 61.7% tax on income per year.<sup>[95]</sup>

Funny how that arbitrary 60% range comes up for the both of them. Bernie, of course, has decided to be more generous, old softie that he is, and made his tax on wealth a mere 60%, being big-hearted and all.

In Europe, they went much, much lower with this failed idea, raising their wealth taxes some 1% to 2% on lower wealth bases. After all, why would the rich care about a mere 2%, the reasoning went?

They were in for a surprise.

In France, this triggered the mother of all capital flight, with France's rich pouring into Belgium and sometimes places further afoot. Gerard Depardieu famously took off for Russia over this. The rich always know how to manipulate matters to avoid the full hit.

Here's what happened in France, according to Bloomberg News:

France had a wealth tax from 1982 to 1986 and again from 1988 to 2017. The top rate was between 1.5% and 1.8%, with the total tax rate on fortunes larger than 13 million euros (\$14.3 million) hovering at about 1.4%. This is much less than the 6% top rate proposed by Warren (not to mention the 8% proposed by her fellow candidate, Senator Bernie Sanders), but it's close to the 2% rate Warren would impose on fortunes larger than \$50 million.

The wealth tax might have generated social solidarity, but as a practical matter it was a disappointment. The revenue it raised was rather paltry; only a few billion euros at its peak, or about 1% of France's total revenue from all taxes. At least 10,000 wealthy people left the country to avoid paying the tax; most moved to neighboring Belgium, which has a large French-speaking population. When these individuals left, France lost not only their wealth tax revenue but their income taxes and other taxes as well. French economist Eric Pichet estimates that this ended up costing the French government almost twice as much revenue as the total yielded by the wealth tax. When President Emmanuel Macron ended the wealth tax in 2017, it was viewed mostly as a symbolic move.

Another French experiment was the so-called supertax, a 75% levy on incomes of more than 1 million euros. Introduced by socialist President François Hollande in 2012, the supertax added to the exodus of wealthy individuals, most notably actor Gerard Depardieu and Bernard Arnault, chairman of LVMH Moët Hennessy Louis Vuitton. Star soccer players threatened to go on strike, and there was fear that France would become a wasteland for entrepreneurs. Meanwhile, the supertax raised much less money than even the wealth tax had -- only 160 million euros in 2014. The unpopular tax was repealed two years after its adoption.

According to this excellent summary from the Cato Institute:

It was the same story with the French wealth tax, which was imposed in 1982 and repealed in 2017. Over the years, a parade of French businesspeople and celebrities left the country to avoid the tax — many going to Belgium, which is also a high-tax country but has no wealth tax. The government estimated in 2017 that “some 10,000 people with 35 billion euros worth of assets left in the past 15 years” for tax reasons. French economist Eric Pichet estimated that the outflows were much larger.

As the wealthy moved abroad, the government lost revenues from a range of other taxes they would have paid. Pichet calculated that while the wealth tax raised about 3.5 billion euros a year, the government lost 7 billion euros a year from reductions in other taxes.

Here's one way they worked around the whole matter, according to this excellent essay by an economics student:

In France, an exemption that made art tax-free led to the wealthy buying art to save their assets from taxation. That policy discouraged investment in assets that could grow the economy. Immigration within the European Union is easy, and many wealthy French simply moved after the tax was enacted. It's estimated that the capital flight resulting from the French wealth tax cost the French government twice the amount it received in revenue from the tax.

Cato notes that their other response was to take on debt, load themselves up to get their net wealth down. If a billionaire could be proven to be worth \$1 billion, he'd take on loans for \$2 billion, throw them into real estate or farmland or something, and then tell the tax man he was negative of worth, so he was off the hook for taxes. The other problem is that carveouts and exemptions make the whole thing a fount of corruption. Cato writes:

Another problem is that wealth taxes have disappearing tax bases. In Europe, politicians carved out an increasing number of exemptions from tax bases to appease special interests. Exemptions were often provided for farm assets, small businesses, pension assets, artwork, and other items.

And here's the kicker: Since the base of wealth taxes is *net* wealth, debt is deductible. That allowed wealthy Europeans to jack up their borrowing and invest in the exempted assets to shrink their tax bases. If a wealth tax were imposed in the United States, the farm lobby would most certainly get farmland excluded. Then rich people would borrow heavily and invest in farmland, thus shrinking the tax base and distorting the economy.

Magnus Henrekson and Gunnar Du Rietz studied the history of the Swedish wealth tax. They found that “people could with impunity evade the tax by taking appropriate measures,” including taking on excessive debt to buy exempted assets.

In short, it's an idea that's failed every time it's tried. Yet after all this experience, Bernie still thinks it should be tried here, despite the fact that capital will flow out and the government will never collect the amounts it thinks it will collect. Sanders is no snowflake whippersnapper, unfamiliar with the ways of the world. He knows what happened and what will happen and he's not backing down. It's obvious he views massive taxation on the very rich as a means of destroying the U.S. economy because all of this wealth is mostly paper wealth, the stock prices that enable companies to attract capital and create jobs and market share from it. Destroy that and no more jobs, just government. It's the Venezuela road for America for him.

What's scary is that Sanders isn't the one in the basement, Joe Biden is. And Biden's letting Sanders and his minions determine the Democratic Party position, its narrative, its plan of action. If this isn't reason enough to vote for Trump no matter what your ideology, what is. Because voters should run screaming from this bad idea at the ballot box before they'll actually have to run with their feet.