



When did ‘billionaire’ become a four-letter word? An inside look at wealth, poverty and presidential politics

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November 23, 2019

SALT LAKE CITY — Officially, Bernie Sanders and Elizabeth Warren are vying for the chance to run against one billionaire, President Donald Trump. But many of their policies take aim at the 600-plus Americans with assets of a billion dollars or more.

Are these presidential candidates waging a war on wealth?

Warren, the U.S. senator from Massachusetts, is selling “billionaire tears” mugs on her website. Sanders, the senator from Vermont, has tweeted that billionaires “should not exist.” Even billionaire Tom Steyer, another Democrat in the race, is saying the U.S. needs to tax the assets of its richest citizens.

Meanwhile, as income inequality grows both in America and around the world, some people are calling on the richest Americans to do more than invest in space travel or pledge to give away most of their wealth before they die.

One Twitter account, for example, asks daily if Jeff Bezos has decided to end world hunger yet, pointing out that the reported net worth of the Amazon founder is 10 times that of what one nonprofit has estimated it would cost to feed the world for a year.

And a theologian who calls economic inequality the world’s most pressing moral problem says enough wealth currently exists to satisfy everyone’s needs — but it’s too highly concentrated to reach them all.

In other words, wealth is the problem, not poverty, says Elizabeth Hinson-Hasty, chair of theology department at Bellarmine University in Louisville, Kentucky, in her 2017 book “The Problem of Wealth.”

“What we need to do is radically alter our attitudes, systems and policies that support and justify the increase of one’s individual wealth at the expense of a larger commons and to learn to distribute wealth and money more justly,” Hinson-Hasty wrote.

In a country where the “American dream” has long been associated with financial success, how did billionaire become a four-letter word?

And what, if anything, do extremely wealthy people owe the rest of the world?

A penalty for success?

In both the Christian and Jewish traditions, people have historically been called on to give 10% of their earnings back to God in the form of a tithe, regardless of their earnings.

“As Christians, we are called to tithe. Beyond that, there are opportunities all around to put wealth to good use in the world,” said Chris Hogan, host of a radio show on the Dave Ramsey network and author of the book “Everyday Millionaires.”

“It’s not ‘required’ but giving always feels good — no matter who you are or how much you have. I’ve never known a millionaire to lie on his deathbed and say, ‘I wish I hadn’t given so much to other people’,” Hogan said.

Nearly 10 years ago, billionaires Bill and Melinda Gates and Warren Buffet founded the Giving Pledge, a nonprofit that encourages billionaires around the world to vow to give away at least half of their money. According to the group’s website, 204 people signed the pledge, including Steyer, Mark Zuckerberg and his wife Priscilla Chan, MacKenzie Bezos, Elon Musk and the late Jon Huntsman and Karen Huntsman.

The signers may give to philanthropic causes or charitable organizations of their choosing, and are encouraged “to find their own unique ways to give that inspire them personally and benefit society.”

Proponents of new taxes on the wealthy, however, say that leaving it up to billionaires to decide what to do with their wealth, even if goes to charity or education, is another driver of inequality since their choices may not address the nation’s most critical needs, and often the money goes outside the U.S.

Consider the Bill and Melinda Gates Foundation, which has spent more than \$15 billion on vaccines over the past 19 years. During that time period, the number of children’s deaths worldwide declined from almost 10 million in 2000 to 5 million in 2017.

In a 2018 letter entitled “Ten Tough Questions We Get Asked,” Melinda Gates acknowledged that the foundation spends less in the U.S. — \$500 million a year, compared to \$4 billion in developing countries — but added, “We don’t compare different people’s suffering.”

“We do, however, assess our ability to help prevent different kinds of suffering. When we studied the global health landscape, we realized that our resources could have a disproportionate impact. We knew we could help save literally millions of lives. So that’s what we’ve tried to do.”

The giving of billionaires not only addresses social problems, but is a major source of revenue for universities and the arts, to include symphonies and ballet.

Adam Michel, a senior policy analyst at the Heritage Foundation in Washington, D.C., called wealth-tax proposals “a solution in search of a problem” and said that a war on wealth also hurts what Michel called “the American ethos” — “being able to try hard, have a good idea, succeed and become fabulously wealthy.”

“That drive, without a doubt, is a good force in American society. It’s the thing that drives innovation and entrepreneurship,” he said.

“All those forces ultimately materialize in the iPhone, in Amazon being able to deliver packages to us in 24 hours at a lower cost than we’ve ever seen before. A wealth tax telegraphs to future American innovators that we don’t want good ideas here; if you have a good idea, go somewhere else.”

Can wealth be grotesque?

Both Sanders and Warren want to tax the overall wealth, not just the income, of the richest Americans, in order to fund programs, such as free college and health care, for Americans.

Warren's "ultra-millionaire tax" would kick in when a couple has a net worth of \$50 million or more. That's estimated to be about 75,000 households. These households would pay an annual 2% tax on every dollar of net worth above \$50 million and a 6% tax on every dollar of net worth above \$1 billion. The Warren campaign says this tax would collect \$3.75 trillion in its first decade.

Sanders' wealth tax begins at \$32 million with a 1% tax on total assets, and progressively rises to 8% on wealth of \$8 billion or more. The campaign says the tax would collect \$4.35 trillion over 10 years and would halve the total net worth of the nation's billionaires in 15 years, "which would substantially break up the concentration of wealth and power of this small privileged class."

"At a time when millions of Americans are working two or three jobs to feed their families, the three wealthiest people in this country own more wealth than the bottom half of the American people. This is outrageous," Sanders spokesman Joe Calvello said in an email.

"For years billionaires have been using their grotesque wealth to buy power and influence in Washington; we are going to put an end to this," Calvello said.

More than a dozen European nations have tried a wealth tax, but only four remain: in Spain, Norway, Switzerland and Belgium.

Give when you're dead?

Paul Zane Pilzer, an economist, entrepreneur and author who lives in Park City, Utah, said it's almost impossible for the average person to envision a billion dollars, let alone the total wealth that America's 600-plus billionaires own, which amounts to about \$9 trillion between them.

"Their holdings, however," said Pilzer, "account for less than 8% of the total net worth of Americans overall," which is \$113.5 trillion, according to the Federal Reserve.

But much of our wealth is in our homes and property and is offset by debt. Americans had \$15 trillion in debt in 2018, two-thirds of which was in home loans, the Brookings Institution reported. And Brookings noted that 77% of total household wealth in 2016 was held by the top 20% of Americans, an amount more than triple what the middle class held.

"In fact, the top 1% alone holds more wealth than the middle class. They owned 29% — or over \$25 trillion — of household wealth in 2016, while the middle class owned just \$18 trillion," the Brookings report said, adding that this has not always been the case.

By one measure, 52% of Americans now live in middle-class households, according to Pew Research Center.

"Before 2010, the middle class owned more wealth than the top 1%. Since 1995, the share of wealth held by the middle class has steadily declined, while the top 1%'s share has steadily increased."

Billionaires, of course, are another category altogether: They represent .00018% of the population. And the U.S. has 607 of them, more than any other country, according to Forbes.

While Pilzer acknowledges that the number of billionaires, and the amount of their holdings, is unprecedented, he said that a great equalizer already exists: Much of their wealth goes to the government when they die.

“We have a huge wealth tax right now in the current federal estate tax,” Pilzer said

The government takes 40% of estates that exceed \$11.4 million. And 18 states have estate and inheritance taxes, Pilzer noted. (Utah is not among them.)

“There’s a windfall coming to the federal government of \$3.6 trillion, 40%, on the \$9 trillion owned by U.S. billionaires. That money will flow to the U.S. Treasury as the current billionaires pass away, and the real question is what we’re going to do with it,” Pilzer said.

Sanders has proposed raising the estate tax to 77% on estates worth \$1 billion or more.

Pilzer, whose books include “Unlimited Wealth” and “The Next Trillion,” isn’t opposed to a wealth tax. He just wants it to be branded as a homeland security or military tax, since he believes it’s the strength of the U.S. military that creates a low-interest-rate economy from which the wealthy benefit the most.

“I’ve always been amazed that we don’t have a federal wealth tax, with all proceeds going to our great military,” he said. “A simple 1% tax on all Americans’ net worth would yield \$1.13 trillion, enough to fund our entire \$686 billion military budget with \$444 billion left over.”

Eye of the needle

Despite growing calls for public policies that would mitigate inequality in the U.S., the majority of Americans don’t agree with Sanders’ indictment of billionaires as a class.

Recent polling by the Cato Institute found that just under 17% of Americans believe that billionaires shouldn’t exist. Even when broken down by party, just 27% of Democrats agreed with Sanders. And nearly 84% said people should be able to make as much money “as they honestly can,” Cato’s 2019 Welfare, Work and Wealth National Survey found.

David DeCosse, director of religious and Catholic ethics at the Markkula Center for Applied Ethics at Santa Clara University in California, said he is troubled by the “libertarian cul-de-sac” that many Americans operate in, the mindset that “any sort of taxation is immediately called into question as theft of private property.”

“I think that is a fundamentally wrong way to think about wealth and the proper role of government,” he said, adding that it’s proper for societies to make collective decisions about how to advance the important social interests of its communities. He’s also skeptical of the mindset that billionaires have unique qualities that make them deserving of great wealth, when they may have been helped by other people or policies.

Hinson-Hasty, the theology professor in Louisville, believes that escalating inequality, enabled by technological advances, demands that Americans entertain “disruptive and difficult” questions about how society should respond. Among them: whether or not individuals and social groups should have the right to unlimited wealth. “It is the essential question that has to be raised in the context of the United States,” she said.

“We have avoided that question in the United States, and I think much to our peril. It’s logical to assume that if someone is able to grow their wealth indefinitely, there is going to be an impact on people who are working at minimum wage, because we share the same resources even if we do not have the same jobs.”

She believes it’s time for Americans to question the pursuit of unlimited economic growth and to become familiar with other theories of economics, such as the late E.F. Schumacher’s argument that “small is beautiful” and the idea that a steady-state economy may be sufficient.

As for the billionaires, Hinson-Hasty said she thinks the better question for America isn’t about individuals, but about “the systems and structures within which we all live, work and hope to flourish.”

“If the wealth of one impacts the well-being and ability of others to survive or thrive, then legitimate questions should be raised about the ability to amass wealth without limits.”

That said, the responsibility doesn’t start and stop with the wealthy, she added. “I’m a middle-class person, working the professional/managerial sector as a professor, so I’m aware that I’m also one who has to squeeze through the eye of the needle. I’m not a person living in poverty who is more vulnerable at risk. But that doesn’t relieve me of my responsibility.”