



OXFAM MEDIA BRIEF

TAX WEALTH, TACKLE INEQUALITY

FIVE REASONS WHY A WEALTH TAX MAKES SENSE



OXFAM

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Five reasons why a wealth tax makes sense

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- The wealth tax proposed by Senator Warren,¹ based on taxing US billionaires *alone*, would raise \$114 billion annually—more than enough to pay for reinstating the Child Tax Credit. Taxing all wealth above the proposed lower threshold above \$50 million would increase this revenue substantially.²
- An annual net wealth tax could raise over half a trillion dollars (\$582.6 billion) each year, by taxing more than only billionaires and using marginally higher rates: 2% for wealth above \$5 million, 3% above \$50 million, and 5% above \$1 billion.³
- By way of illustration, if there had been a net wealth tax of 6.9% since 2013, it would have kept billionaire wealth (above \$1 billion) simply constant.⁴ To have kept billionaire wealth (above \$1 billion) at the same level since 2020, it would have required a net wealth tax of 10.6%.⁵

INTRODUCTION

Tax Day, which marks the deadline for Americans to file their tax returns, often raises questions about how our tax system works—and who exactly it works for. **This year, Oxfam underscores the urgent need not just for progressive income and corporate taxes, but for a federal wealth tax.** Wealth inequality in the US is more extreme and dangerous than income inequality, and we need to change our approach so we effectively tax wealth as well as income.⁶

At a time when the ultrawealthy are amassing historic and dangerous levels of wealth, a **federal wealth tax offers a vital and necessary tool for directly redressing extreme wealth inequality, as well as advancing racial justice, tackling the climate crisis, and protecting democracy.** It also offers a reminder that today's **debt-ceiling gridlock** is a consequence of giving tax breaks to the ultrawealthy.

To be clear, extreme wealth concentration is at a record high in the United States, and has surpassed the peak of the Gilded Age of the late 19th century.⁷ Wealth is also highly stratified by race and gender, with billionaires and ultra-millionaires almost exclusively white and disproportionately male.⁸

New Oxfam calculations show that:

- US billionaires are almost a third richer (over a trillion dollars, in real terms) than they were at the onset of the pandemic in 2020⁹ (overall, based on *Forbes* data and accounting for recent stock market fluctuations).¹⁰
- US billionaires have increased their wealth by 86.3% since 2013, based on *Forbes* data. Nearly half of this increase (48.6%) has occurred in the last three years.¹¹ The number of US billionaires is nearly 60% higher than it was a decade ago, clocking in at over 700 today.¹²
- For every \$100 of wealth created in the last ten years in the United States (2012-2021), \$37 has gone to the richest 1%—while the bottom 50% have received just \$2.¹³

At the same time, our country has a “permanent underclass” of working families who are denied their economic rights, trapped in poverty, and unable to accumulate wealth no matter how hard they work. Oxfam data shows that almost a third of the US labor force earns less than \$15 an hour; half of all working women of color earn less than \$15.¹⁴

The racial wealth gap is actually growing wider since the 1980s, and today is close to what it was in 1950.¹⁵ The average Black American household currently has only about 12 cents in wealth for every dollar of the average white American household.¹⁶

And while the gender pay gap has barely budged in two decades,¹⁷ the gender wealth gap is much wider. One study found a raw gender wealth gap of women owning 32 cents for every dollar of male wealth. For women of color, the gap is even more profound.¹⁸

But big corporations and the wealthy are profiting wildly. In 2023, following sustained inflation that has outstripped wage growth, US workers have effectively faced a pay cut,¹⁹ even as there has been a relative uptick in wages for low-wage workers, which risks being temporary without structural and intentional policy solutions being adopted.²⁰ At the same time, corporate profits account for more than half of inflation,²¹ and US corporate profit margins have soared to their widest since 1950, fueling record profits to wealthy shareholders.²²

The huge rise in pandemic wealth followed trillions of dollars being injected into financial markets to avert their collapse. This fresh cash, while vital to keeping economies afloat, ended up with the ultrawealthy who were able to ride a stock market surge, without the guardrails of fairer taxation to share that wealth more equitably.²³

Time and time again, billionaires have been able to amass historic levels of wealth by building on top of, and taking advantage of, structural inequalities in our country—on the lines of race, gender, and class.

Taxing extreme wealth is vital to addressing structural barriers that exist in our economy, and to offering opportunities for all.

TAX EXTREME WEALTH, TACKLE EXTREME INEQUALITY

We know how to tackle extreme economic inequality: for example, tackling monopoly power, boosting workers' rights and wages, and providing universal public services. We have evidence for what works; the American Rescue Plan is estimated to have led to a reduction in poverty for more than 12 million people,²⁴ close to half of whom are children. When this relief ended, poverty rates rebounded.²⁵

Higher tax rates on the very wealthiest people and corporations are a necessary precondition to reducing inequality. The Inflation Reduction Act took positive steps in placing a tax on stock buybacks,²⁶ establishing a 15% minimum tax on big corporations, and increasing funding for the Internal Revenue Service (IRS) by \$80 billion²⁷ to support better tax enforcement; however, many more transformative proposals on taxation and equalizing investments were left out.

In March 2023, President Biden reiterated a call for a billionaire income tax as part of a package of reforms that would ensure the wealthiest Americans (those with a net worth of over \$100 million) pay at least 20% on all their income; the proposal also doubled the capital gains tax (to 39.6%), quadrupled taxes on stock buybacks by corporations (to 4%),²⁸ and increased the corporate income tax to 28%. If enacted, these proposed taxes on income and corporate taxation would represent valuable progress, that can and should be expanded upon. Yet, while these proposals are key to making the tax system fairer, an annual tax on wealth was missing from President Biden's proposal.

We now need urgent political support for a wealth tax, such as the Ultra-Millionaire Tax proposed by Senator Warren.²⁹ **Wealth inequality is more extreme than income inequality,³⁰ and we cannot address today's spectacular wealth inequality without taxing wealth.** A wealth tax is necessary and complementary to income taxes on the wealthiest individuals and corporations.

New Oxfam estimates show that:^a

- The Ultra-Millionaire Tax (wealth tax) proposed by Senator Warren,³¹ based on taxing US billionaires alone, would raise \$114 billion annually—more than enough to pay for reinstating the Child Tax Credit. This is a conservative estimate, placing a 3% tax on billionaire wealth alone; taxing all wealth above the proposed lower threshold above \$50 million would increase this revenue substantially (figures based on *Forbes* data).³²
- An annual net wealth tax could raise over half a trillion dollars (\$582.6 billion) each year, by taxing more than only billionaires and using marginally higher rates: 2% for wealth above \$5 million, 3% above \$50 million, and 5% above \$1 billion³³ (calculated by Oxfam, the Institute for Policy Studies, and the Patriotic Millionaires).
- In addition, as an indicative estimate, over \$1 trillion could be raised through implementing a one-off windfall tax on every billionaire—27% on wealth above \$1 billion. This still leaves every billionaire a billionaire.³⁴

^a We note that wealth tax estimates are impacted by tax avoidance and evasion as well as behavioral effects that would impact the actual revenue that is collected.

- By way of illustration, if there had been a net wealth tax of 6.9% since 2013, it would have kept billionaire wealth (above \$1 billion) simply constant.³⁵ To have kept billionaire wealth (above \$1 billion) at the same level since 2020, a net wealth tax of 10.6% would have been required.³⁶

As others have explored:

- Addressing tax avoidance and evasion is critical to ensuring we can account for and tax all wealth; we know a significant amount of individual wealth is held offshore in tax havens. New evidence published by the IRS shows that more than 60% of the richest 0.01% own foreign accounts, the vast majority in tax havens. US taxpayers in total hold around \$4 trillion in foreign accounts, almost half in jurisdictions considered tax havens.³⁷
- The extreme concentration of white wealth at the top deepens the racial wealth chasm. The Urban-Brookings Tax Policy Center has calculated that even if we entirely leveled the racial wealth gap for 90% of households—but not the richest 10%—the total racial wealth gap would still be more than \$8 trillion. That is 80% of the total wealth gap that exists today.³⁸
- As an illustrative example that helps to explore the racial wealth gap comparative to wealth taxation, scholars have simulated that a 44% tax on the wealth of the top 0.1% (or a 27% tax on the top 0.5%) could generate revenue sufficient to equalize white and Black per capita wealth in the US.³⁹

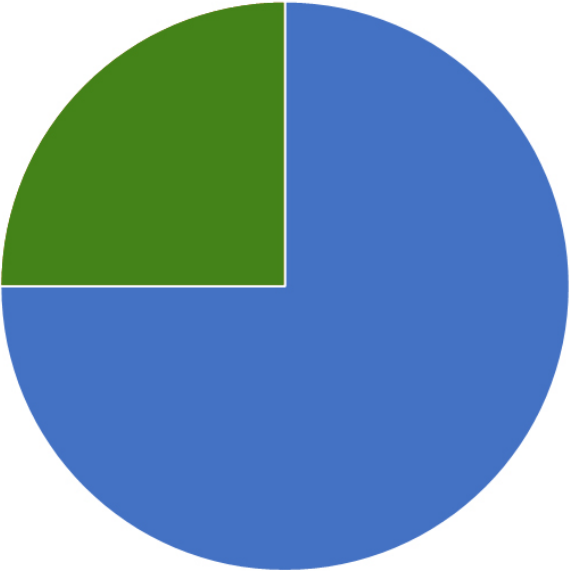
FIVE REASONS WHY A WEALTH TAX MAKES SENSE

Taxing wealth directly tackles economic inequality by reducing the wealth of the ultrawealthy; can combat gender and racial inequalities; and gives us the money to invest in people and the planet.

We focus on a net wealth tax, which is a tax levied on total wealth accumulated by an individual above a certain threshold, based on the net value of all assets (minus debts), within the country or offshore. This can include corporate stocks, housing, bank deposits, financial assets, or tangible assets (e.g., paintings, yachts, houses).

This is not a radical idea. Wealth taxation is supported by a significant majority of the public (64% favor a wealth tax).⁴⁰ Just one in four believes billionaires pay the taxes that they owe.⁴¹ As we explain, wealth taxes are adopted by other high-income economies worldwide.

VAST MAJORITY BELIEVES BILLIONAIRES DO NOT PAY TAXES THAT THEY OWE



One in four Americans believes billionaires pay what they owe.

Source: YouGovAmerica, <https://today.yougov.com/topics/politics/articles-reports/2022/10/04/most-americans-support-raising-taxes-billionaires>

The International Monetary Fund recently estimated, in a multi-country study inclusive of the US, that an annual net wealth tax of just 1% could reduce the wealth share of the richest 1% by between one and 2.5 percentage points over a 20-year period, and that this could reduce the wealth concentrated in their hands by more than 10%.⁴²

We offer five reasons to urgently and strategically tax wealth:^b

1. IT WOULD PROVIDE VITAL NEW REVENUES TO INVEST IN POLICIES THAT BENEFIT WORKING FAMILIES AND WOMEN.

Wealth taxation enables us to generate new revenues that we can deploy to inequality-busting investments in social spending for working families. The Warren wealth tax on billionaires alone—not multimillionaires—would be more than enough to reinstate the Child Tax Credit, for example. This would have a significant impact on reducing economic and gender inequality. (We suggest a full list of spending in the solutions section.)

The following examples show how wealth taxation can have a direct impact on racial justice and climate breakdown, in addition to creating revenues for transformative investments that can be used towards achieving them.

2. IT WOULD HELP TO NARROW THE RACIAL WEALTH GAP.

Today's US racial wealth gap is directly related to a racist past in the US that begins with white Americans enslaving Black people and treating them as capital itself (including as collateral for loans). This evolved into a system in which Black people were systematically excluded from accumulating wealth; any wealth they did accumulate was defenseless in the face of theft and destruction facilitated or directed by the State.

Today's racial wealth gap is a direct result of such history and policy, in addition to exclusion from New Deal policies, exclusion in access to finance, predatory financing (particularly in home ownership), and the trap of low-wage employment, to name a few examples.⁴³ Law and policy today continue to perpetuate the racial wealth gap. Scholars such as law professor Dorothy Brown have highlighted how today's tax code perpetuates the racial wealth gap through federal tax subsidies that disproportionately benefit wealthy households, higher income workers, and those who have access to tax-advantaged retirement plans—all of whom are disproportionately white.⁴⁴

Taxing extreme wealth would help to advance racial wealth equality by reducing the extreme concentration of wealth that exists at the very top of the economy, which is almost exclusively white, before taking into account spending from that taxation, as tax scholar Vanessa Williamson and others have noted.⁴⁵

For example, a proposal from economist Thomas Piketty for a tax on close to 600 households is estimated to reduce racial wealth inequality by \$294 billion.⁴⁶ Alone, of course, this is not enough: it is imperative for these revenues to be invested in transformative measures that can

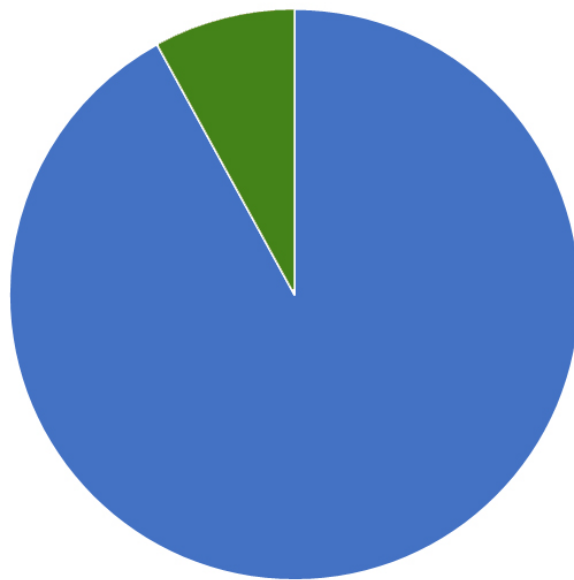
^b While raising substantial revenue is vital, it's not the only purpose of a wealth tax. The federal government has the ability to pay for new spending without always needing to raise taxes, as proponents of Modern Monetary Theory argue. Matthews, Dylan. "Modern Monetary Theory, Explained." Vox, April 16, 2019. <https://www.vox.com/future-perfect/2019/4/16/18251646/modern-monetary-theory-new-moment-explained>

make a material difference to people’s lives in a manner that disproportionately reduces racial and economic inequality, such as baby bonds (see Solutions section).

The racial wealth gap is considered the largest economic inequality between Black and white Americans, and the racial wealth gap is wider than the racial income gap.⁴⁷ The Institute on Taxation and Economic Policy highlights that 92% of all wealth held by families with a net worth over \$30 million is owned by white, non-Hispanic families, and may be an understatement. Moreover, 86% of total wealth in the US is owned by white families, while Black, non-Hispanic families own just 3%.⁴⁸ The same analysis applies to stock ownership: 89.2% of shares are owned by white families, compared with just 1.1% owned by Black families.

Considering inheritance, white families are five times more likely than Black families to receive large gifts and inheritances, with the average value of a white family’s inheritance four times the average of a Black family’s.⁴⁹ In the absence of progressive taxation, this creates a dynastic form of wealth, especially for the ultrawealthy.

FAMILIES WORTH OVER \$30 MILLION ARE OVERWHELMINGLY WHITE



92% of wealth owned by families with a net worth over \$30 million is owned by white, non-Hispanic families; these families account for 59.3% of the US population.

Sources: Institute on Taxation and Economic Policy, <https://itep.org/the-geographic-distribution-of-extreme-wealth-in-the-u-s/>

US Census Bureau, <https://www.census.gov/quickfacts/fact/table/US/PST045221>

While the racial wealth gap narrowed slightly after the 1950s, it has since widened in recent decades, linked to an era of increasing, disproportionately white, wealth concentration and enabled by changes in tax laws. One group of scholars noted, “Given that there are so few Black households at the top of the wealth distribution, faster growth in wealth at the top will lead to further increases in racial wealth inequality.”⁵⁰

3. IT WOULD ENABLE US TO TACKLE THE CLIMATE CRISIS.

The climate crisis is disproportionately driven by the investments and the emissions of the wealthiest people, and they hold growing responsibility for driving climate breakdown. Not only is this from their own high and wasteful consumption, but more importantly because their choices to invest in polluting industries affect how all Americans use energy—for example, how we fuel our vehicles and heat our homes.

Oxfam found that the investments of a sample of 125 of the richest billionaires result in a million times more emissions than the average person.⁵¹ Billionaires have an average of 14% of their investments in polluting industries, which is twice the average for investments in the Standard and Poor's 500.⁵²

Fiscal policy can play a role in reducing harmful emissions, and in generating revenues for climate financing. **A wealth tax would reduce the amount of investments by the ultrawealthy, which could and should be spent by government on low-emission activity** (such as the care economy). A wealth tax can generate billions of dollars to support communities around the world facing devastating cyclones, famines, droughts, and other climate-induced harms to protect themselves and to provide them the finances to recover from the climate-related loss and damage they face. A wealth tax can also help fund the one-off replacement of energy systems in the US and in lower-income countries from fossil fuels to renewables.

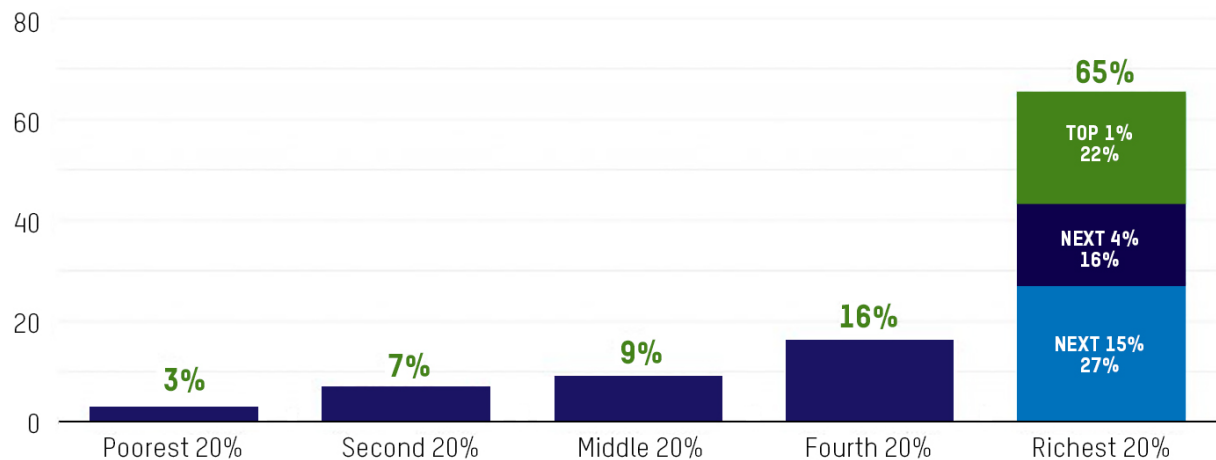
Beyond a wealth tax, there should be additional “top-up taxation” to deter investments in those economic activities that are doing the most to harm the environment and hasten climate breakdown. Such a tax has been proposed by economists Thomas Piketty and Lucas Chancel, who calculate that, globally, an additional tax rate of 10% on polluting assets owned by multimillionaires could raise at least \$100 billion a year.⁵³

4. IT WOULD REDUCE THE FEDERAL DEBT.

Today's political gridlock around the debt ceiling was avoidable, and is a direct consequence of tax cuts on the wealthiest and corporations. These tax cuts have in fact brought us closer to the debt ceiling. Without them, debt would actually be falling. As new analysis by the Center for American Progress shows, **today's increasing debt ratio is primarily a result of recent tax cuts for the wealthiest**: tax cuts since 2001 have added \$10 trillion to the debt, and are responsible for over half the increase in the debt ratio since then.⁵⁴

Moreover, as the Institute on Taxation and Economic Policy has found, over 80% of the tax cuts passed between 2000 and 2018 went to the richest 40%; and most of it went to the richest 5%.⁵⁵ The tax cuts alone resulting from the 2017 Trump Tax Cuts and Jobs Act (TCJA) will have cost \$1.7 trillion by the end of fiscal year 2023.⁵⁶

SHARES OF FEDERAL TAX CUTS GOING TO EACH INCOME GROUP, 2001 THROUGH 2018



Excludes tax break “extenders” for businesses like bonus depreciation.

Source: Institute on Taxation and Economic Policy, <https://itep.org/federal-tax-cuts-in-the-bush-obama-and-trump-years/>

The availability of the trillions of dollars of new resourcing through achievable taxation on the very wealthiest Americans exposes the futility of a debt ceiling standoff. The inequality doesn’t stop there: proposed social spending cuts to resolve a standoff result in disproportionate impacts for people living in poverty; women and girls; and people of color.

5. IT WOULD HELP TO PROTECT DEMOCRACY FROM OLIGARCHY.

Since the founding of the United States, the tension between extreme wealth and the threat to democracy has been clear. US Supreme Court Justice Louis Brandeis made the case early in the last century that “we can have democracy in this country, or we can have great wealth concentrated in the hands of the few, but we can’t have both.” By combating wealth concentration, wealth taxes can curb the influence of a super-wealthy elite over politics, markets, and the media.

The ultrawealthy and corporations now play a vastly outsized role in determining public policy in this country. By 2022, corporate lobbying had ballooned to \$3.5 billion per year,⁵⁷ and now accounts for 87% of all lobbying dollars.⁵⁸ Much of this lobbying is done to bend public policy to their own economic interests. This is a fundamental reason why corporate profit and billionaire wealth has been enabled to soar to new heights: tax cuts for the ultrawealthy, no reins on stock buybacks, no raise in federal minimum wages. In 2021, many corporations poured millions into a lobbying blitz⁵⁹ to stop Congress from passing President Biden’s economic agenda.

This power is warping the political landscape away from measures that are enormously popular with people. Polls consistently show wide margins of approval for progressive measures like raising the minimum wage,⁶⁰ drug pricing reform, action to tackle climate breakdown, and raising taxes on the ultrawealthy and corporations.

SOLUTIONS: WHAT WE CAN DO

Taxing extreme wealth would open the door to the possibility of transformational change. Ultimately, we need to bring down wealth concentration, and significantly reduce the wealth of the ultrawealthy, thus redistributing power and wealth to the 99%. We could abandon the mindset of scarcity, and invest in fundamental building blocks of a more equitable, prosperous economy.

WEALTH TAXES

The Biden Administration and Congress should:

- 1. Enact a wealth tax on the very wealthiest Americans.** As Oxfam, the Institute for Policy Studies, and Patriotic Millionaires calculate, a wealth tax of 2% on US millionaires with net wealth above \$5 million, 3% on those with wealth above \$50 million, and 5% on US billionaires could raise **over half a trillion dollars annually**, and help to rein in today's Gilded Era-like wealth concentration. The Ultra-Millionaires Tax proposed by Senator Warren, which would place a wealth tax on the top 0.05% of Americans—a 2% annual tax on the net worth of households above \$50 million, 3% on the net worth of households and trusts above \$1 billion—is a necessary and urgent proposal.
- 2. Explore a one-off windfall wealth tax on billionaire wealth** (just over 700 people) which would purely take place on an extraordinary basis. This would take into account the windfall gains made by billionaires during the pandemic period, in which they increased their wealth by one third, largely as a result of the ultrawealthy riding a stock market surge, public policy driving up asset prices, and record corporate profit margins.
- 3. Tackle tax avoidance and evasion.** The solutions to this include banning shell companies and increasing transparency around who really owns companies and other assets.⁶¹ **A global asset register of all traditional types of wealth (including physical and financial assets) is vital to connect and centralize asset identification.** New evidence published by the IRS shows that more than 60% of the richest 0.01% own foreign accounts, the vast majority in tax havens.⁶² A global asset register would provide a mechanism to record, measure, and understand the distribution of global wealth, and empower tax authorities with a tool to tax offshore assets.

NEW INVESTMENTS

When the pandemic threatened the economic survival of millions of working families,⁶³ the federal government stepped up to invest in working families—and it paid off. **Raising billions of dollars from a wealth tax would enable us to address longstanding issues of inequality**, built on a structure of exclusion. While this is not an exhaustive list, here are examples of some of the investments we could make:

INVEST IN WORKING FAMILIES IN THE US

- **Reinstate the expanded child tax credit: \$97 billion⁶⁴**
It's urgent that we bring back this benefit that reached 61.2 million children and cut child

poverty by an astonishing 30% during the height of the pandemic, lifting 3 million children out of poverty and generating social benefits of up to \$982 billion.

- **Invest in child care and families: \$24 billion⁶⁵**

We can make child care affordable for all families with children from birth through age 5 using a sliding scale for co-payments, and raise wages for the early childhood workforce, helping to address the crisis of care in the US and the gender inequality that it deepens.

- **Provide paid family and medical leave: \$22.5 billion⁶⁶**

We can ensure workers will receive partial wage replacement for up to twelve weeks of parental, family, and/or personal illness leave. While some workers have access to paid leave, the vast majority of low-wage workers do not. Only 25% of all workers have access to paid family leave through their employers;⁶⁷ over 60% of low-wage workers do not have access to any paid leave, including sick leave.⁶⁸

- **Provide subsidies and infrastructure so that families can meet their needs with renewable energy: \$200 billion⁶⁹**

The US should be aiming for a 70% reduction in emissions by 2030 (and getting to zero emissions as quickly as possible after that in light of its historic responsibility for emissions), but is currently only attempting to get to 52%.⁷⁰ It should be providing subsidies and the necessary infrastructure so that people can switch their homes from gas to electricity, install solar panels, access affordable public transport, and buy electric vehicles if they need them. This figure would only partially cover the true investment required.

- **Tackle generational wealth disparities with baby bonds: \$82 billion⁷¹**

A federally funded trust fund account that is set aside and invested for every newborn can guarantee that every young adult has access to wealth, and go a long way toward reducing the racial wealth gap.⁷²

- **Expand Health Coverage and Affordability: \$50 billion⁷³**

Studies show that coverage and affordability of healthcare can be expanded for millions of Americans through steps including, but not limited to, filling the Medicaid gap in non-expansion states, and reducing the employer affordability threshold. Beyond this, to truly fix our health system, we need to see steps taken towards universal health coverage and addressing monopoly power in the health industry.

INVEST IN GLOBAL SOLUTIONS

- **Support lower-income countries to address the climate crisis: \$80 billion⁷⁴**

Lower-income countries need assistance to deal with the catastrophic consequences of hurricanes, floods, and droughts caused by carbon pollution from richer countries like the United States as a matter of justice. The global carbon budget is so depleted that there will be worsening climate breakdown unless all countries urgently transition away from fossil fuels. Higher-income countries should be leading the way, and most lower-income countries can only do this with significant financial assistance from those countries most responsible for the crisis.

- Protect global health: more than \$11.7 billion⁷⁵**
 The President’s FY2024 budget requests over \$11.7 billion for global health.⁷⁶ Last year, Congress failed to authorize requested funding for a global COVID-19 response, and countries are grappling with pandemic-strained healthcare systems. Robust global health funding is vital, including investing in local manufacturing to ensure more equitable global access to medical tools for COVID-19 and other health needs.⁷⁷
- Ensure support to sustainable development in lower-income countries: \$3.9 trillion⁷⁸**
 This amount is required each year for development and climate spending in low- and middle-income countries, in order to meet the UN Sustainable Development Goals (SDGs). The US must increase foreign assistance, together with other rich countries. In addition, foreign assistance must be aligned with the priorities of recipient countries, be delivered and managed through local systems, and meet the needs of the most vulnerable, in order for such assistance to be effective and enable sustainable development outcomes.

A PACKAGE OF INEQUALITY-BUSTING TAX REFORMS

Wealth taxes complement progressive income and corporate taxes. These include progressive income tax rates on the ultrawealthy (especially on their income from owning stocks and other capital), closing tax loopholes, higher tax rates for corporations, and ending multinationals’ secrecy on their financial information (catching up the US with countries such as Australia⁷⁹), and cracking down on tax havens (where corporations alone shifted nearly a trillion dollars of profit to in 2019).⁸⁰ The US once had the world’s most progressive income tax system: the top marginal income tax rate at the federal level averaged 81% between 1944 and 1981.⁸¹ **Today, US billionaires pay a lower actual tax rate than teachers and nurses.**

LESSONS FROM STATES, AND OTHER COUNTRIES

Federal policy makers can learn from efforts of voters at the state and city level who are driving progress. Massachusetts approved an income surtax of 4% on yearly income above \$1 million⁸² that could raise over a billion dollars for public education and infrastructure, while voters in Los Angeles supported a “mansion tax.”⁸³ Efforts are underway across the country to tax wealth at a state level.⁸⁴

Federal advocates for a wealth tax can also point to other countries. In Norway, for example, wealth taxation generated revenue but also reduced inequality, as highlighted by the IMF.⁸⁵ A study of France tripling its tax rate on dividends demonstrated how progressive taxation can support a more productive economy when it increased companies’ investments.⁸⁶ In Spain, a net wealth tax has increased the number of taxpayers as well as the amount of revenue it is collecting.⁸⁷

CONCLUSION

Our public and economic policies have enabled the ultrawealthy and corporations to amass so much wealth that it has become a threat to our democracy, our prosperity, and our health as a society. But we have a solution in our hands: Tax extreme wealth. And invest in the building blocks of a better future.

A strategic and targeted wealth tax would accomplish two critical goals. It would rein in today's extreme levels of wealth concentration that allow the ultrawealthy to maintain a stranglehold over our government and our economy, while undermining our entire society. And it would help us to tackle the existential crises of our time, including directly helping to address the racial wealth gap, gender disparities, and the climate crisis.

It's not just strategic, it's urgent: extreme wealth will continue to soar in the absence of a progressive package of taxation that includes a wealth tax.

A wealth tax goes further still. It offers an opportunity to help to close a chapter on the neoliberal economic model that has enriched the ultrawealthy and eviscerated taxes on them, at profound harm to the great majority of people and our planet over the past 40 years. Instead, we could choose this moment to advance a new kind of economic model: one designed to meet the economic rights of every person in the US, and to meet our responsibilities to people across the world.

ACKNOWLEDGEMENTS

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NOTES

¹ “Warren, Jayapal, Boyle Introduce Ultra-Millionaire Tax on Fortunes over \$50 Million: U.S. Senator Elizabeth Warren of Massachusetts.” U.S. Senator Elizabeth Warren of Massachusetts, March 1, 2021.

<https://www.warren.senate.gov/newsroom/press-releases/warren-jayapal-boyle-introduce-ultra-millionaire-tax-on-fortunes-over-50-million>.

² Based on the *Forbes* Real-Time Billionaires List published on March 28, 2023, Oxfam estimates that Senator Warren’s wealth tax would raise about \$114 billion this year from billionaires alone (and much more from millionaires owning more than \$50 million), based on a 3% wealth tax above a net wealth threshold above \$1 billion dollars.

³ Using new data from *Forbes* and Wealth-X, Patriotic Millionaires, the Institute for Policy Studies, and Oxfam prepared estimates for what wealth taxes on the world’s richest people could raise. We have looked at billionaires, those with \$50 million in wealth and those with \$5 million in wealth. We modelled the annual revenue from an annual wealth tax of 2% for \$5 million and above, 3% for \$50 million and above, and 5% for \$1 billion and above. We found that an annual tax of this nature could raise as much as \$582.6 billion a year, an indicative estimate.

The calculation is based on high-quality wealth data produced by Wealth-X, a private company producing wealth data for different markets such as research, market analysis, and charities. Wealth-X produces high-quality data covering 76 countries that corresponds to 98% of the world’s GDP. The Wealth-X database contains around 150,000 dossiers on ultra-high-net worth individuals (people with more than \$30 million in net wealth).

This individual data is combined with public information from the various countries, such as GDP, stock market value, levels of taxation, levels of income, savings, etc. The information is then modelled into a Lorenz curve that shows the distribution of wealth across the population. (Lorenz curves are most commonly associated with the Gini coefficient.) According to Wealth-X, their Lorenz curve is much more in line with reality than most other wealth distributions that are based on the distribution of income.

Valuations of shares are based on stock market value, and for unlisted companies (privately owned by individuals or families, etc.), valuations are calculated by comparing them with similar companies (for example, stock market companies with a clear market value). The model of taxation applied in our analysis is a three-tier model:

1. No net wealth below a threshold of \$5 million is taxed. Net wealth from \$5 million up to \$50 million is taxed at 2%.
2. Net wealth from \$50 million up to \$1 billion is taxed at 3%.
3. Net wealth of \$1bn and above is taxed at 5%.

This means that in our calculation, we create three different tax bases: one for the 2% tax, one for 3% tax and one for 5% tax, where 2% is the broadest tax base covering most rich individuals, and 5% is the smallest tax base covering only the billionaires. The reason for the three tax bases is to ensure that people are not taxed two or three times on the same money, but only pay tax progressively on their wealth as it goes over the thresholds.

The data on billionaires is from the March 28, 2023 Real-Time *Forbes* List to supplement the Wealth-X information. The figures from Wealth-X are for 2022.

⁴ **What annual net wealth tax (NWT) rate would have been needed to keep US billionaire wealth in excess of \$1 billion constant over three different periods?**

In the table below, these NWT rates are given for three different periods: since the turn of the millennium (March 2000-March 2023); the last decade (March 2013-March 2023); and since the start of the pandemic (March 2020-March 2023).

Period	Real change in wealth in excess of \$1 billion	Real <i>annual</i> change in wealth in excess of \$1 billion	Annual NWT rate needed to keep wealth in excess of \$1 billion constant (in real terms)
Mar 2000-Mar 2023	393.8%	7.2%	6.7%
Mar 2013-Mar 2023	105.4%	7.5%	6.9%
Mar 2020-Mar 2023	40.2%	11.9%	10.7%

Notes

- A NWT on billionaires would only be applied to the part of each billionaire’s wealth that’s above \$1 billion, which is why all of the figures in the table above are for “wealth in excess of \$1 billion.”
- All figures are in real terms, i.e., adjusted for inflation, so these are the rates needed to keep billionaire wealth above \$1 billion constant *in real terms*. The \$1 billion cutoff is not adjusted for inflation, though, due to data constraints.
- The data for 2000, 2013, and 2020 are from the annual *Forbes* Billionaires list, which are based on wealth levels in March of each of those years. The data from 2023 is from the *Forbes* Real-Time Billionaires list from March 28, 2023.
- Inflation-deflation factors are US CPI increases over the given period. However, since inflation data for March 2023 isn’t available yet, the inflation for each period is estimated from CPIs one month earlier, e.g., February 2013–February 2023.

METHODOLOGY

To illustrate how these NWT rates were calculated, let’s focus on the 2013–2023 period.

From 2013 to 2023, the total net wealth of US billionaires increased from \$1.87 trillion to \$4.51 trillion, while the number of billionaires grew from 442 to 702, which means that total billionaire wealth *in excess of \$1 billion* (which is the wealth that would be taxed under a net wealth tax on billionaires specifically) increased from \$1.43 trillion to \$3.81 trillion.

That is a *nominal* increase of 166%. Adjusting for dollar inflation of 29.6% from February 2013 to February 2023, we get a *real* increase in total billionaire wealth above \$1 billion of 105%. This corresponds to a real annual increase of 7.5%.

(The real annual change in billionaire wealth in excess of \$1 billion is calculated as $\sqrt[n]{\frac{1+\Delta}{1+i}}$, where n is the number of years in which the tax is applied (here: 10), Δ is the total relative change in nominal wealth above the threshold for the wealth group during the specified period (here: 166%), and i is the compound inflation rate for the period (here: 29.6%).)

In order to keep group-level wealth (e.g., the wealth of all billionaires) in excess of an individual threshold (e.g., \$1 billion for each billionaire) constant over time, an annual tax of $\frac{\Delta_{ra}}{1+\Delta_{ra}}$ would have to be applied to wealth in excess of that threshold, where Δ_{ra} is the real annual change in group-level wealth in excess of the threshold, i.e., 7.5% for US billionaires over the past decade.

Working this out gives an annual net wealth tax rate of 6.9% needed to keep total billionaire wealth in excess of the individual \$1 billion threshold constant over the past 10 years.

Note that the calculation above assumes that there would be no dynamic effects on wealth accumulation of a net wealth tax, and so the results here are not meant to imply that the estimated rates would be the exact real-world rates needed to keep billionaire wealth constant over time. Rather, the estimates are meant to illustrate the extreme rates at which the ultrawealthy currently accumulate wealth, and that it would likely be possible to tax those wealth groups at significant marginal rates without reducing their total fortunes.

⁵ Ibid.

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⁹ The development of billionaires' wealth is calculated using data from the *Forbes* Billionaires List. We compare the yearly *Forbes* list published in 2013 and in 2020 with the *Forbes* Real-Time List as of March 28, 2023. To take account of inflation, wealth levels are inflated to March 2023 prices using the CPI. The significant rise in billionaire wealth that we demonstrate during the pandemic accounts for a period of billionaire wealth falling in 2022 and fluctuating since then. ; Billionaire wealth in March 2023 is \$100 billion higher compared to December 2022.

US billionaires		
	Wealth, \$ billion	Real wealth, \$ billion
2013	1,873	2,420
2020*	2,948	3,435
2023**	4,508	4,508

Change in real wealth		
	Wealth, \$ billion	% Change
2013-23	2,088	86%
2020-23*	1,073	31%

* *Forbes* Billionaire List, March 2020

** *Forbes* Real-Time Billionaires list, March 28, 2023

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¹³ The data is based on Credit Suisse wealth data. The 10-year timespan is from December 2012 to December 2021, from the Credit Suisse wealth report published in 2022. In this stat the latest data point is from the end of 2021, which means that it is in December 2021 prices, adjusted using CPI. This is done for the bottom 50%, top 1%, and total global wealth (as we wish to show how much of all wealth created in real terms is going to the different groups).

	2012	2021	New wealth, 2012-2021
Total wealth in US, \$ billion	85,981	145,793	59,812
Bottom 50 (\$ billion)	997	2,204	1,207
Top 1% (\$ billion)	28,817	51,214	22,397
Bottom 50 share (per \$100 dollar of new wealth)	2.0		
Top 1% share (per \$100 of new wealth)	37.4		

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³⁴ This estimate is calculated by applying a tax rate of 27% on wealth that is in excess of \$1 billion. This means that for a billionaire whose net worth is \$100 billion, the one-off tax would be applied on \$99 billion, since the first billion does not meet the threshold. It also means that this tax would not apply on a billionaire with just \$1 billion, and every billionaire would still be a billionaire after this tax.

As of March 28, 2023 there were 702 billionaires in the US with a combined wealth of \$4508 billion. The wealth above \$1 billion is the difference between billionaires' population and their combined wealth, \$3,806 billion. This number is then multiplied by 27%, resulting in the estimate of \$1027 billion.

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Wealth inequality in the US is more extreme and dangerous than income inequality; and we need to change our approach, so we effectively tax wealth as well as income. Pictured on front: A homeless encampment next to a downtown Los Angeles freeway. Photo: Matt Gush



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