

1 March 2019

SHOULD BILLIONAIRES BE BANNED?

THE DILEMMA

The world's wealthiest people have been in the news recently after the publication of a new report by the charity Oxfam. The report showed that the rich are getting much richer while the poor are becoming poorer.

The 26 richest billionaires own as much as the 3.8 billion people who make up the poorest half of the planet's population. Just two years previously, it took 61 of the richest billionaires to own that much. So more wealth is now in the hands of fewer people.

The wealth of more than 2,200 billionaires across Earth increased by £690 billion last year. That works out at £2 billion a day. But while the wealth of the richest people in the world increased by 12%, the wealth of the poorest half of the world's population fell by 11%.

The report didn't just list alarming stats and facts, though. Oxfam have come up with some possible solutions to the growing gap between rich and poor. They suggest a new wealth tax on the richest 1%, which they say would raise an estimated \$418 billion (£325 billion) a year, which is enough to educate every child currently not in school and provide healthcare that would prevent three million deaths.

But does this go far enough to deal with inequality? Is it right that anybody should be a billionaire when there are millions going hungry, including in Britain?

Is it time our Government banned billionaires. by making sure anyone who earned that much paid much higher taxes?



OPINION

"It doesn't have to be this way - there is enough wealth in the world to provide everyone with a fair chance in life. Governments should act to ensure that taxes raised from wealth and businesses paying their fair share are used to fund free, good-quality public services that can save and transform people's lives" - Matthew Spencer, Oxfam's director of campaigns and policy

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FACTS & FIGURES



The richest man in Britain is Jim Ratcliffe, who has a personal fortune of £21 billion. He made his money in the chemicals industry. But it was recently announced he was leaving the UK to live in Monaco, in order to save billions in tax.

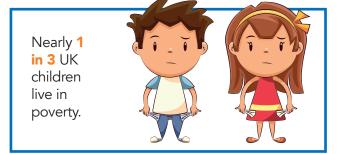


The richest man in the world is Jeff Bezos, the founder and owner of the online store Amazon. He has \$112 billion (£85 billion).



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It takes Jeff Bezos just 9 seconds to earn what the average Amazon worker earns in a year.



The average British worker earns £28,000 a year.



Around the world, 10,000 people die every day for lack of healthcare, and there are 262 million children not in school.



The poorest 10% of Britons are paying a higher tax rate than the richest 10% (49% compared with 34%).



Between 2017 and 2018, a new billionaire was created in the world every 2 days.



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HOW TAX WORKS



Tax is money that people and businesses have to pay to the Government. This money is then used to pay for public services, which includes schools, hospitals, the military, police and the fire brigade.

A portion of what a person earns in their job is paid to the Government as tax. Some of the things we buy in shops have a tax called VAT included in their price, which also goes to the Government. There are also specific taxes on things like flights, tobacco and alcohol.

The idea behind tax is that everyone pays into a pot that benefits the whole country. Almost every nation has a taxation system, though some countries have very low or even no tax on income. The percentage of a tax rate is the amount that a person pays to the Government. For example, if somebody owes 10% of £100 in taxes, the Government gets £10.

Fair tax?

Some people think that the current tax system is unfair. They argue that people who earn less should pay a smaller proportion of tax than those who earn more. The richest used to pay more in taxes: during the Second World War, the top rate of income tax in the UK was 99.25%. It was reduced to around 90% throughout the 1950s and '60s. In 1979, the top rate was reduced from 83% to 60%. Today it's 45% on earnings over £150,000. The lowest rate has fallen from 33% in the 1970s to 20% today. The Labour Party wants to increase tax for the wealthiest to 50%.

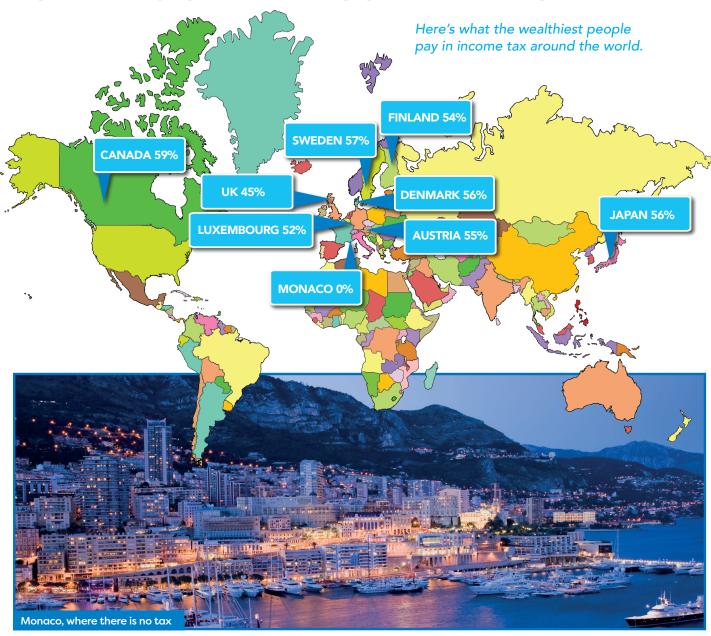
How much is too much?

Some politicians are reluctant to make tax rises because they are generally seen as being unpopular with voters. But some people think that there isn't enough money going into the Government's coffers. They point to the ongoing crisis in the NHS, where waiting lists for treatment are getting longer. They point to the cuts in education budgets, where many schools are struggling to make ends meet. Rather than cut services, some people say it's better to pay more tax because ultimately everyone benefits from better schools, hospitals and universities.

But who should pay this extra tax? Should people on an average income (around £28,000 a year) pay more? Or should the very richest be expected to pay a little extra into the pot?



TOP RATES OF TAX AROUND THE WORLD



WHERE THE BILLIONAIRES ROAM



According to a report published last year, the countries with the most billionaires are:

- 10 France & Australia (43 billionaires)
- 9 South Korea (44)
- 8 Canada (46)
- 7 United Kingdom (54)
- **6** Hong Kong (67)
- 5 Russia (101)
- 4 India (119)
- **3** Germany (123)
- 2 China (373)
- 1 USA (585)

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IS THE WEALTH GAP OK?





In India, there are 119 individuals who are billionaires. Yet around 70 million people live in extreme poverty. Is that just how the world works, or is it the role of the Government to step in and make sure that, until poverty is stamped out, nobody can become super-rich?

In Germany, Europe's richest country, there are 123 billionaires and the 45 richest households own as much wealth as the bottom half of the population. The top 1% of German households own a third of the country's entire wealth.

Is a big wealth gap the price we pay for the system we live in? Or is it wrong that a growing group of super-rich people should have so much more than the poorest in society?

OXFAM'S REPORT

Oxfam's Matthew Spencer thinks that things are deeply unfair and need to change urgently. He said:

"The way our economies are organised means wealth is increasingly and unfairly concentrated among a privileged few, while millions of people are barely subsisting. Women are dying for lack of decent maternity care and children are being denied an education that could be their route out of poverty. No-one should be condemned to an earlier grave or a life of illiteracy simply because they were born poor."

Oxfam are calling on governments worldwide to take action. They want to see:

- The richest companies and individuals paying their fair share of tax
- Free public services, like schools and hospitals, for everyone
- Decent work, living wages and an end to the gender pay gap

HOW DO YOU BAN BILLIONAIRES?

The obvious way to prevent people becoming super-rich is to introduce a very heavy tax on high incomes. Right now, this is how much British people are taxed for the money they earn from work:

Annual income	Tax rate
Up to £11,850	0%
£11,851–£46,350	20%
£46,351-£150,000	40%
Over £150,000	45%



So, to prevent people becoming billionaires, a new tax band could be introduced of 100% on any income over £999 million. This means that every penny earned by an individual over £999 million would go to the Government. There would also probably have to be taxes introduced on other things, such as property, to stop millionaires becoming billionaires. In Sweden in the 1980s, the very wealthiest paid as much as 88% of their earnings in tax.

BUT WHY SHOULD THE WEALTHIEST PAY EVEN MORE?

Many of the wealthiest people in the world have worked hard to earn their money. Why should they be stopped from becoming billionaires by heavy taxes? It's not their fault that politicians haven't done more to stop poverty.

The wealth of the top 1% of the planet helps create jobs for millions of people. It doesn't make sense to stop a man or woman from becoming a billionaire if their wealth is directly responsible for providing jobs that give people money that is, in turn, taxed. In other words, the world's billionaires are responsible for indirectly creating money for governments.



PAYING THE RIGHT AMOUNT

Fair share?

One of the major criticisms of the world's richest is that they don't pay their fair share of tax. They often find ways of legally avoiding paying a lot of tax. Recently, *The Sunday Times* newspaper claimed that the UK's richest man, Jim Ratcliffe, had worked with an accountancy firm to find legal ways of avoiding paying between £400 million and £4 billion in tax.

Amazon (owned by the world's richest man Jeff Bezos) has had a turnover of £7 billion in the UK in 20 years, but paid just £61.7 million in corporation (business) tax. That may sound a lot, but it's a tiny percentage.



Unfair income tax

But it isn't just that the super-rich can afford accountants who find ways of reducing their tax bill. It's that most tax systems around the world favour the rich.

For example, in the UK, the poorest 10% of households pay a greater proportion of their income in tax than the richest 10%. So they don't pay more money than the richest, but as an amount of what they have, it's much higher.

According to an organisation called The Equality Trust, the poorest 10% on average pay 42% of their income in the form of income tax, national insurance, VAT and council tax. But the richest 10% pay 34% of their earnings in tax. This contributes to the gap between the richest and poorest in society.

Unfair council tax and VAT

Council tax is charged by the local authority wherever you live to pay for things like rubbish collection, libraries and the upkeep of parks and public spaces. People who earn the lowest amount of money pay an average of 7% of their income in council tax, while the wealthiest pay just 1.5%.

VAT also unfairly favours the rich. According to The Equality Trust, the poor pay 12.5% of their income in VAT while the rich pay just 5%.





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YES, BILLIONAIRES SHOULD BE BANNED



- **1. NOBODY NEEDS TO BE THAT RICH –** The super-rich 1% of the world's population are incredibly wealthy. Nobody needs that much money. They can contribute to the society they live and work in by giving away much more of that money in taxes to reduce poverty and improve public services.
- **2. IT'S HIGH TIME THEY PAID THEIR SHARE** The wealthiest in society have avoided paying a fair share of tax through legal tax avoidance schemes. The tax system also favours the rich over the poor. It's time this ended and introducing a mega-tax on the richest would go a long way to making things fairer.
- **3. THE RICH-POOR GAP IS IMMORAL** It's wrong that, in 2019, the gap between rich and poor worldwide is increasing. How can it be right that in Britain there are more than 30% of kids living in poverty while the richest man leaves for Monaco to avoid paying any taxes here?

NO, BILLIONAIRES SHOULD NOT BE BANNED



- **1. THIS IS A MATTER OF FREEDOM** In a free and open society, people should be allowed to earn as much money as they like. Taxation is important, but no government should be allowed to prevent people from becoming billionaires.
- **2. THE RICH WILL SQUIRREL THEIR MONEY ELSEWHERE** Super-rich people have super-smart accountants. They will find ways of sending money abroad, where they pay less or no tax. Some will just leave the UK altogether. It's better to have them here, paying tax, than banning them from having £1 billion or more.
- **3. THE SUPER-RICH CREATE JOBS** Many of the wealthiest people in the world own businesses that employ thousands of workers. Rather than punish them with heavy taxes we should be happy they are providing work and opportunities to so many people.



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DISCUSS •

Should people be free to earn as much as they can?

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DISCUSS

Why is tax important?

DISCUSS •

Should people who earn less have their taxes cut?

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DISCUSS

Is it right that some countries don't charge any tax?

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DISCUSS

Should the richest people in society pay more tax?

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DISCUSS

Why might raising taxes on the superrich be positive?

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DISCUSS

Why might raising taxes on the superrich be negative?

PISCUSS •

Is it right that there should be more and more billionaires while poverty is increasing?

DISCUSS

Is it right for a government to ban billionaires by taxing them heavily? • SSCOSI

Do you think poverty can ever be ended?