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Kankee Briefs

Resolved: The United States ought to adopt a wealth tax.

## Letter From The Editor

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### AT: Competiveness

#### Uniqueness overwhelms – US competitiveness is resilient and can withstand wealth transfers

Economist 24 [Economist, 10-14-2024, "The American economy has left other rich countries in the dust", Economist, https://www.economist.com/special-report/2024/10/14/the-american-economy-has-left-other-rich-countries-in-the-dust]/Kankee

America’s outperformance has accelerated recently But one thing has been consistent since the early 1990s: America has grown faster than other big rich countries, and it has rebounded more strongly from bumps along the way. The faulty diagnosis of the competitiveness council back in 1992 should stand as a corrective for those now peddling gloom. America’s growth since then has been best-in-class, and its strengths today give grounds for optimism about the country’s economic power and potential. That America’s share of global GDP in PPP terms has decreased is less a comment on its own trajectory than on the growth spurts of the two most populous countries, China and India. China’s output per person remains less than a third of America’s; India’s is smaller still.

Even more striking is how America has outperformed its peers among the mature economies. In 1990 America accounted for about two-fifths of the overall GDP of the G7 group of advanced countries; today it is up to about half (see chart). On a per-person basis, American economic output is now about 40% higher than in western Europe and Canada, and 60% higher than in Japan—roughly twice as large as the gaps between them in 1990. Average wages in America’s poorest state, Mississippi, are higher than the averages in Britain, Canada and Germany. And America’s outperformance has accelerated recently. Since the start of 2020, just before the covid-19 pandemic, America’s real growth has been 10%, three times the average for the rest of the G7 countries. Among the G20 group, which includes large emerging markets, America is the only one whose output and employment are above pre-pandemic expectations, according to the International Monetary Fund. Coupling this growth with the dollar’s strength translates into heft for America and wealth for Americans. That can be seen in the huge numbers of Americans travelling and spending record sums overseas. A decade ago (as Chinese travellers too were demonstrating their wealth) many analysts thought that China would, by now, have overtaken America as the world’s biggest economy at current exchange rates. Instead its GDP has been slipping of late, from about 75% of America’s in 2021 to 65% now. Endowed with gifts This special report will explain why American growth has been so strong for so long, and why it can be expected to continue. Some of the reasons are down to the good fortune bestowed by geography. As a quasi-continental economy with a giant consumer market, American companies benefit from scale: a good idea hatched in California or product built in Michigan can, in short order, spread to 49 other states. America also has a big, well-integrated labour market, allowing people to move to better-paying jobs and drawing workers to more productive sectors. A long, porous southern border may be politically contentious but it has been an economic tailwind, allowing the labour force to steadily grow and helping to fill the hard, dirty jobs that many native-born Americans have no interest in doing. And as important as the size of the country is what lies beneath it. Over the past two decades the improvements in techniques for extracting hydrocarbons from once-unpliant shale rocks have turned America into the world’s biggest producer of oil and gas. The American economy also has particular strong points which have bred more strength. Possessing the world’s deepest financial markets has made it easier for startups to raise equity, a better way to get off the ground than borrowing cash. The plethora of exciting young companies in America has, in turn, boosted the attractiveness of its markets. Similarly, having the world’s dominant currency has made global commerce more frictionless for American business. And America has the world’s best universities, which remain so in part by attracting the world’s best students. The visible hand Other policy choices have helped. America has a more relaxed approach to business regulation than many other countries. That has given high-tech companies room to play and grow. It also enabled the experimentation which led to the shale revolution. But America’s success is not just a story of small government. Officials have made bold, resolute interventions during crises (including ones that, in fairness, were abetted or exacerbated by lax regulation to begin with). After a shaky start, America delivered a strong response to the global financial crisis of 2007-09, acting decisively to clean up bank balance-sheets, and making aggressive use of monetary policy to support growth. The government’s response to the covid slowdown was yet more extraordinary, with a suite of fiscal stimulus packages that left other countries in the dust. Indeed, officials overdid it in their pursuit of a recovery, contributing to the global rise in inflation. But it is impossible to explain America’s mighty economic engine without acknowledging the government’s willingness to step on the accelerator pedal when it has sputtered. For all of America’s prowess, it has plenty of maladies. A fundamental test of any country’s governance is whether its people live good, long lives. On this count America is wanting. In 2023 the life expectancy for a newborn American was 79, three years shorter than the average in western Europe, according to UN projections. That startling gap was virtually nonexistent in 1980. This is largely a reflection of fewer Americans reaching their dotage owing to obesity and to particularly acute American problems like opioids, guns and unsafe roads. But older Americans fare badly in relative terms, too. In 2023 in America the average 60-year-old was projected to live another 24 years, nearly one year shorter than in Europe. In 1980 the reverse was true; older Americans were projected to outlive their European peers by almost a year. Many critics of America’s economic model contend that it is intrinsically flawed, beset by extreme inequality and ever-more dominant companies crushing competitors. But these are exaggerations. There may be scope for a fairer distribution of the country’s wealth without undermining America’s growth, but the widely held belief that the top 1% are taking it all is overdone. As for tech behemoths such as Apple and Amazon, their potential for dominance must be watched and, if necessary, curtailed, but it is also true that they have generated incredible value in daily life and shaken up stodgy industries. And they face fierce competition to stay on top. They stand as evidence more of America’s economic success than of its problems. In the history of modern economics America’s three-decade outperformance is remarkable. Can it continue? Throughout this report we will consider reasons for pessimism, from poisonous politics to fiscal frailties. Set against these is a relentless dynamism, the essential characteristic of the American economy and the ultimate force propelling it forward.

### AT: Tax Evasion

#### Tax evasion isn’t reason to vote neg

Malleson 23 [Tom Malleson, Assistant Professor in the Social Justice and Peace Studies program at King's University College at Western University with a PhD from the University of Toronto, 03-2023, "How Much Inequality Is Acceptable?: The Case for Maximum Limits on Income and Wealth", OUP Academic, https://academic.oup.com/book/45694/chapter-abstract/398098393?redirectedFrom=fulltext/Kankee

\*note: missing letters in source text replaced

But that is a troubling argument. To see why, consider an analogy: Premise 1: Antiracists aim to end racism against Black people (among others). Premise 2: Passing antiracist policy (such as desegregating schools) will inevitably lead to a backlash and upsurge in racism.14 Premise 3: Tis unethical activity will undermine the goal of reducing racism. Conclusion: Therefore, antiracists should abandon desegregation of schools as a mechanism for achieving their goal. What is problematic in both arguments is, of course, P2. We should not simply accept that unethical activity is a fait accompli, inevitable and unchangeable. Antiracists should not abandon the tool of desegregation merely because there is a risk that it will infame racist backlash; rather the goal should be to reduce such backlash (by doing the things that antiracists conventionally do, such as education, protest, political mobilization). Likewise, limitarians should not abandon their tool of imposing limits. They should instead work to end, or at least minimize, the unethical behavior of avoidance and evasion. The problem, in other words, is not the limitarian mechanism of imposing maximum limits; the problem is the unethical behavior of the rich. The point is that to the extent that raising taxes increases avoidance, our response should not be, contra Lafer, to reduce taxes but to increase enforcement. In the case of avoidance, there is actually no one Lafer curve; there are actually infinitely many different Lafer curves depending on how seriously a society chooses to deal with enforcement. The second reason that higher taxes may lead to lower revenues is if they lead people to work or invest less. Even though this is the objection that most people have in mind when they worry about high taxes, it’s important to recall that empirically this phenomenon—at least of working less—is actually far rarer than the morally problematic phenomenon of avoidance (see Chapter 3). Conservatives often use the image of hardworking people choosing to work less in emphasizing the Lafer curve, when what actually occurs much more commonly in the real world is rich people responding to taxes by simply hiding their money and shifting it from one bank account to another. Nevertheless, we should accept that there is some point at which marginal tax rates will be so high that significant numbers of rich people will indeed choose to work or invest less. What is crucial to notice about this is that two important consequences follow. One consequence is that total tax revenues fall. And that is indeed a bad thing from a limitarian perspective, as it means there is less revenue available to meet urgent needs. However, the second and less noted consequence is that in choosing to work or invest less, rich people themselves end up somewhat poorer. But notice that this consequence is actually positive for egalitarians because it results in a society with less inequality overall. Tis means that being on the “wrong side” of the Lafer curve actually has some real benefits. First, there are relational benefits: it is good for democracy, as there would be less inequality in political influence between rich and poor, and it is likewise good for reducing social friction (improving social solidarity, civic engagement, corruption, mental health, and crime) as well as distrust in society which stems (among other things) from the gap between the rich and the poor. Second, it is good from a fairness and anti-ableist perspective, since people will have less luckbased differentials in terms of their income and economic security (and so less luck-based differences in their ability to live good, flourishing lives).

#### Tax havens fail – whistleblowers and international finance data

López and Sturla 20 [Ramon E. López, full professor at the Economics Department of the Faculty of Economy and Business (FEN) of the University of Chile, and Gino Sturla, researcher with a PhD in Economics from the Department of Economics and Management, University of Florence, 12-2020, “Hyper-fortunes and the super-rich: why a wealth tax makes sense,” CEPAL Review, https://repositorio.cepal.org/server/api/core/bitstreams/d259c626-3efe-4ac8-99fa-9cdf35005d05/content]/Kankee

Tax transparency and international data exchange A major concern when applying these taxes is the possibility of concealing assets in other countries, particularly in tax havens. Nonetheless, there is an extensive international network of journalists dedicated to tracking down accounts in tax havens and exposing the names and volume of assets concealed in them. There is also a global trend towards placing restrictions on these tax havens and making the accounts that exist in them transparent. OECD has created a tax transparency system for the exchange of international financial data. This greatly facilitates the control of tax evasion by making it possible to identify the original sources of large fortunes that are hidden under different subterfuges (OECD, 2019b). Concealing assets by using highly complex corporate networks is extremely difficult, if countries use the capacities of this data system. Chile should use this system much more intensively than it has done thus far, to drastically reduce evasion of the various income taxes and any future wealth tax. The system allows for both unilateral information requests and bilateral or multilateral cooperation. According to the Financial Transparency Coalition (FTC, n/d), country-by-country reporting would require multinationals to share this information for each country in which they operate. The information would greatly enhance the capacity of governments to detect irregular activities that require further investigation, including cases of corruption and bribery. Multinational companies should be required to publish their reporting data on a country-by-country basis, because this global problem has proved too large for national governments to handle alone. Journalists, civil society organizations and academics have raised public awareness of the scale of tax evasion and avoidance; they are also crucial for analysing not only the problem, but also possible solutions. Lastly, it is worth mentioning the reciprocal agreement on financial information that exists between banks and other institutions in the United States and several Latin American countries, including Chile (the Foreign Accounts Tax Compliance Act).11 (b) Sworn statement of wealth

#### Tax evasion – public condemnation, exit taxes, and country specific assets

Hildyard 24 [Luke Hildyard, Director of the High Pay Centre with a MA from King’s College London, 2024, “Enough Why It’s Time to Abolish the Super-Rich,” JSTOR, https://www.jstor.org/stable/jj.12865309]/Kankee

The risk of losing tax and investment overseas can be significantly mitigated Of course, it is one thing to say that the risk of driving the super-rich overseas is exaggerated in order to protect their outsized share of national income and wealth. It is another to say that there is no risk at all. One only has to look at the European Union’s court cases with the likes of Apple and Google over their tax contribution in Europe, or the revelations in the Panama and Paradise papers exposing the vast wealth held in tax havens, to recognise that, whether by their location decisions or through the cunning and criminality of their business, investment and accountancy practices, big corporations and the super-rich can be highly adept at protecting their enormous riches from efforts to secure them for public services. Any attempt to achieve a more even balance of incomes and wealth would have to overcome this – but there are grounds to think it is an eminently achievable task. First, higher taxes or other inhibitors of extreme concentrations of income and wealth, do not create some kind of chemical force that instantly propels super-rich individuals or their assets and income streams to other jurisdictions. It is a choice by those individuals (and their advisers) to hoard resources for themselves, even when they already have more than most people could ever dream of, rather than to use them to help society. It is perhaps understandable that people in a position to do this might convince themselves that they genuinely deserve the money more than the public services that their taxes might fund, or the lower-paid workers who would benefit if they took a bigger slice of corporate profits, but it is not inevitable or universal. The ‘Patriotic Millionaires’ campaign of super-rich individuals committed to paying higher taxes and working towards a more equal society has been prominent in the US and has now started to campaign internationally as well. The UK’s ‘Fair Tax Mark’ is awarded to businesses that commit to complying with the spirit as well as the letter of tax laws and pay a fair amount of tax. There have also been several welltargeted campaigns around the tax and pay practices of leading businesses and individuals that have forced them to adopt a more progressive approach. It is not utopian to think that a more condemnatory attitude to the superrich, and a more celebratory one towards those who accept that there is such a thing as ‘enough’ might encourage a more compliant approach towards tax or other policies and practices designed to achieve a more proportionate balance of incomes and wealth, borne either of a desire to avert public criticism or simply because it’s the humane and compassionate thing to do. Second, there is no reason to be unambitious or pessimistic about our capacity to tax the super-rich effectively. There are plenty of taxes that are hard to avoid legally. Physical assets like properties cannot be relocated. High-paying jobs have to be taxed in the country where they are being done. Foreign income cannot be remitted to the UK without incurring UK taxation, even for those with non-domiciled status. There are further steps that governments could take to make it harder for the globally mobile to escape paying taxes. A research paper from the London School of Economics suggests toughening the requirements necessary to claim UK residency, including potentially requiring anyone wanting to claim non-residence to sell their UK home.11 This would be a serious and significant disincentive to avoid paying taxes due from residents that anybody in the top 1 per cent could easily afford to pay. Similarly, introducing exit taxes on super-rich emigrants, such as a capital gains tax on the assumed value of their gains, effectively treating them as if they had sold the assets at the point of emigration, would both remove the incentive to emigrate for those who have made large capital gains, and ensure a tax contribution was paid, even from those that did choose to emigrate. This would be a totally reasonable measure in terms of essentially ensuring that people pay tax in the UK on wealth they accumulate in the country and would bring the UK in line with other countries such as Canada and Norway. Third, it should be emphasised once again that extreme concentrations of income and wealth are a problem the world over. There are virtually no countries that could not achieve a significant uplift in living standards if their incomes and wealth were distributed more evenly. To the extent that it exists, the global mobility of the super-rich creates an argument for countries to work together to eliminate tax havens and to prevent a ‘race to the bottom’ between countries. There are plenty of examples of governments reaching agreements on topics from the banning of the toxic chlorofluorocarbons that damage the ozone layer to the corporation tax floor (which commits signatories to a corporation tax rate of at least 15 per cent), so that individual states can confidently commit to better social and environmental protections without worrying that other nations might seek to steal business from them by adopting laxer standards.12 It would be totally feasible to secure similar agreements to prevent the super-rich from capturing an excessive share of aggregate income and wealth. In terms of global living standards, there could be few more worthwhile diplomatic initiatives. Fourth, excessive incomes and wealth cannot be spirited away to the Cayman Islands or other tax havens if they never reach the super-rich in the first place. Challenges associated with redistribution are not an argument for just accepting massively unequal and inefficient concentrations of money and assets, they instead strengthen the case for pre-distributive measures that would mean that these resources accrue directly to the 99 per cent instead of the super-rich, circumventing some of the need for taxation. Mechanisms discussed in subsequent chapters, including stronger trade unions, profit-sharing requirements or maximum highest to lowest earner pay limits could all have this effect Finally, while this book rejects the claim that a meaningful rebalancing of existing concentrations of income and wealth cannot be achieved, it is important to note the really terrible implications for democracy and the character of people who have economic power in society if it were correct. If societies take the democratic view that their aggregate wealth is created collectively, and that the incomes and wealth of those at the very top should be shared more evenly, then that is what should happen. The possibility that the super-rich are powerful enough to prevent the democratically expressed wishes of society from being fulfilled is a strange argument to deploy in their favour. Similarly, the super-rich are put in charge of businesses managing large numbers of people. They control access to finance, business advice, and legal and accountancy work for both the private sector and governments. What does the assertion that they would vigorously resist greater pre-distribution or redistribution of their vast income and wealth say about the character of the people controlling these vital functions? If they really are so venal, and so impervious to democratically instituted laws that apply to everybody else, that they are willing and able to escape their contribution towards better public services – to help sick people get treatment, to give children a better chance in life, or to protect and keep safe in those in danger or need – even though it wouldn’t really affect their super-rich status, that might on one level weaken the argument for taxation of the super-rich. But in a much more important way it strengthens the notion that their existence is a huge problem that needs to be addressed. The super-rich don’t contribute disproportionately to public services and investment

#### No capital flight – billionaires are embedded

Young 17 [Cristobal Young, assistant Professor of Sociology at Stanford University, 11-20-2017, "If you tax the rich, they won't leave: US data contradicts millionaires' threats", Guardian, https://www.theguardian.com/inequality/2017/nov/20/if-you-tax-the-rich-they-wont-leave-us-data-contradicts-millionaires-threats]/Kankee

The world view The Forbes list of the world’s billionaires offers an international look at elite migration, and takes us higher up the food chain to the greatest corners of wealth. Analysis of this list shows most of the world’s billionaires – about 84% – still live in their country of birth. And among those who do live abroad, most moved to their current country of residence long before they became wealthy – either as children with their parents, or as students going abroad to study (and then staying). Only about 5% of world billionaires moved abroad after they became successful. These individuals readily fit the stereotype of a “transnational capitalist class” – unplugged from their nation state, travelling the world for some combination of tax avoidance and cosmopolitan lifestyle. Many of them can be found in London claiming “non-dom” status to avoid the tax laws of both their homeland and those that apply to British citizens. Others are located in tropical tax havens – such as Sir Richard Branson, who moved to the British Virgin Islands after becoming a billionaire. These jet-setting billionaires generate a lot of headlines and cynicism about tax flight. But they are anecdotal exceptions. The world’s billionaires largely live where they were born or where they began their careers. The British elite live in Britain, the Chinese elite live in China, and the American elite live in America. After making it on to the Forbes billionaire list, elites are actually more likely to die than to move to a different country. Why do the rich have such low migration rates? And why is common intuition about elite migration so wrong? It turns out that education is a big part of the remaining puzzle. People with high levels of education have very high mobility – but only for a short period after finishing their education. If you know people who have been geographically mobile, the chances are they have a higher-level education. However, once they have made a solid start to their career, the chances are also that they will not move again. Migration is a young person’s game, and moving overwhelmingly occurs when people are starting their careers. By the time people hit their early forties, PhDs, college grads and high school drop-outs all show the same low rate of migration. Typically, millionaires are society’s highly educated at an advanced career stage. They are typically the late-career working rich: established professionals in management, finance, consulting, medicine, law and similar fields. And they have low migration because they are both socially and economically embedded in place. In the US tax data, while most of the millionaires’ incomes come from wages and salaries, a quarter of them also own a business. Almost all of them are married, and most have children at home. For all these reasons, places are sticky – it is hard to move after making a career and family in a place. If millionaires were mostly college-going twentysomethings not yet tied to place by career or family responsibilities, place-based income tax systems would face serious challenges. We would be trying to tax the rich exactly when they are most mobile. But this is not the case. Typically, people make decisions about where to live almost two decades before they hit their peak earnings. This shows a kind of unexpected genius behind taxes on the very highest incomes. A tax on million-dollar income serves as an intergenerational transfer, since those who pay it are the late-career working rich: socially and economically embedded in the place. In contrast, most of the people who are mobile – early career professionals – do not really care about the “millionaire tax”, because if they ever pay it, it will be decades in the future, and only if they are wildly successful. Millionaire tax revenues could be used to invest in things that matter to young people starting out: education, infrastructure, public services, urban amenities, quality of life. And this would help to attract and retain a pipeline of future top-earners, creating a virtuous tax circle. This is why places with highly progressive income taxes – such as New York and California – still thrive as centres for talent and elite economic success. Their policies focus on the pipeline of future top earners. They invest in what attracts mobile young professionals – quality of life – and only send them the bill if and when they achieve their highest aspirations.

#### Rich people stay – best studies prove. Europe examples are exaggerated

Palanský and Schultz 24 [Miroslav Palanský, Assistant Professor of Economics at the CORPTAX group at Charles University with a Ph.D. in Economics from the Institute of Economic Studies at Charles University, and Alison Schultz, Research Fellow at the Tax Justice Network with a Ph.D. in Finance from the University of Mannheim, 08-2024, “Taxing extreme wealth: What countries around the world could gain from progressive wealth taxes,” Tax Justice, https://taxjustice.net/wp-content/uploads/2024/08/Taxing-extreme-wealth-What-countries-around-the-world-could-gain-from-progressive-wealth-taxes-Tax-Justice-Network-working-paper-Aug-2024.pdf]/Kankee

Myth 6: If wealth taxes are increased, wealthy individuals will simply relocate. Research suggests that the majority of wealth holders have **strong ties** to their countries and a genuine desire to contribute as citizens. Factors such as family and social connections, access to education, and overall economic stability carry more weight than tax levels when it comes to their decision on whether to relocate (Young et al. 2016). Our tax proposal ensures that the amount payable by individuals in relation to their net worth remains minimal. For instance, an individual in Spain with a net wealth of e5 million would only pay e34,000 in taxes, which amounts to a mere 0.068 percent of their wealth. This sum is negligible compared to the likely earnings on their wealth after capital gains taxes, which for the top 10 percent wealthiest would be over e500,000 (Fagereng et al. 2020). Therefore, there is minimal incentive for individuals to leave, especially when considering the substantial costs associated with **relocation**. Historical evidence from reforms targeting the super-rich, such as changes in nondomiciled status, indicates that the number of individuals leaving the country due to increased taxes was negligible. Both Young et al. (2016) and Advani, Burgherr, and Summers (2022) estimate extremely low migration likelihoods after the implementation of taxes on the super-wealthy in diverse contexts. The latter study explicitly dismisses the possibility of a migration effect exceeding 3.2 percent of affected individuals. Jakobsen et al. (2024) find significant higher out-migration after increases in the effective wealth tax in Sweden. However, they also document that the overall level of these migration flows is very small, with annual net-migration rates below 0.01 per cent. Recent claims suggesting that the wealthy are fleeing **Norway** due to marginal increases in wealth taxes have been **exaggerated** and misleading. Out of 236,000 millionaires and billionaires in Norway, only 30 individuals relocated, which, although slightly higher than in previous years, represents a mere 0.01 percent of the country’s millionaire and billionaire population. The revenue lost from these departures constitutes a small percentage of the overall revenue gained from the tax increase. While there is a slight risk of wealthy individuals moving after the implementation of a wealth tax, it appears to be quite low and thereby should not be a major concern when enacting such a tax. However, relocation could become a more significant issue if wealth taxes are levied at a very low level, such as on a subnational or state level, as seen with parts of the Spanish wealth tax, which applies differently to individuals depending on their region of residence. Hence, it is essential to implement wealth taxes at the national level, at the very least. Another implementation detail can help minimize the risk of wealthy individuals relocating: In principle, taxes on net wealth could be structured to apply to citizens who have resided in the country for the last x years. This approach would reduce the incentives for leaving the country following the implementation of a wealth tax and mitigate the negative consequences for tax revenue, should taxable persons still decide to migrate. A final straightforward way to limit migration responses is the collective implementation of a wealth tax by several countries in a coordinated manner. In addition, this would restrict individuals’ opportunities to hide wealth in other countries. No myth: Some of the wealthiest individuals hide their assets in secrecy jurisdictions, which will hinder the effective implementation of a wealth tax.

#### Millionaires stay put – Massachusetts and California prove taxes don’t deter investors

Ocampo 22 [Omar Ocampo, researcher for the Program on Inequality and the Common Good at the Institute for Policy Studies, 5-23-2022, "Debunking the Myth of the Fleeing Millionaire", Counter Punch, https://www.counterpunch.org/2022/05/23/debunking-the-myth-of-the-fleeing-millionaire/]/Kankee

This November, the Massachusetts electorate will vote on a ballot initiative that will have profound consequences: the ability for the state to amend its constitution and levy a 4 percent surtax on all individuals that have an annual income of one million dollars or more. The Fair Share Amendment – or “millionaire’s tax” as it is known colloquially – is expected to raise significant revenue with the majority, if not all, of the monies to be invested in education and public transportation. It’s of no surprise then that the initiative is very popular with Bay Staters. According to a poll conducted late last year, 70 percent of the electorate support the initiative. But its popularity has not stopped opponents from deploying recycled talking points expressed by wealth defense specialists. They argue that increasing taxes on high income earners are counterproductive because they will move to other states with a less punishing tax environment. A study by The Beacon Hill Institute estimated that about a fifth of Massachusetts’ 20,970 million-dollar earners will pack their bags and leave within the first year of implementation, shrinking the tax base and hurting the state’s economy. The recent departure of some high-profile individuals and businesses from California has been cited as an example of progressive excess and is listed as a reason why Massachusetts should not pass the ballot initiative. But **evidence** of millionaire departures due to higher taxation or even a pronounced exodus of Californians **is** **extremely thin**, even with the emergence of remote work that has made employee mobility easier. Data indicates that – while migration outflows are greater than inflows in California, and it did increase during the pandemic – there is nothing to suggest that a mass exodus is currently taking place. The Public Policy Institute of California (PPIC) recently demonstrated that those who continue to migrate to the state are actually high-income earners. It is the working and middle classes who are forced to leave California due to the ongoing affordability crisis, particularly in relation to housing. This directly contradicts the assertion that raising taxes leads to the departure of wealthy individuals. As Hans Johnson, a senior fellow at the PPIC, writes: “The fact is that California has been losing low and middle income residents to other states for some time while continuing to gain higher-income adults.” Research conducted before the pandemic revealed that millionaires tend to stay put when income taxes are increased. Out-migration would physically disconnect them from their social and business networks and withdraw their access to a number of essential and desirable amenities. Cristobal Young and Charles Varner’s 2014 study also illustrated that the number of million dollar earners in California grew even after new taxes targeting them were introduced. And this trend of a millionaire surge continues today. Between 2010 and 2019, the number of Californians who reported an income of a million-dollars or more in their tax returns increased 123.6 percent, from 42,090 to 94,120. By comparison, million-dollar earners in Massachusetts doubled from 10,237 to 20,970 in the same period. The Fair Share Amendment is necessary to raise the revenue needed to improve both the conditions of and access to public transit. Similar measures will be essential in addressing other challenges that impact states like California and Massachusetts, for example, increasing the supply of low-cost rentals and de-commodifying housing in order to resolve the acute affordability and houselessness crisis of their metropolitan areas. It is important to keep in mind that the true impact or consequences of a specific policy cannot be entirely known until it is passed and implemented. But according to the data we have available, raising taxes on high-income earners do not trigger a wave of millionaire out-migration.

#### No evasion

Saez and Zucman 19 [Emmanuel Saez, Professor of Economics at UC Berkeley and Director for the Center for Equitable Growth, and Gabriel Zucman, assistant Professor of Economics at UC Berkeley, 2019, “Progressive Wealth Taxation,” Brookings, https://www.brookings.edu/wp-content/uploads/2020/10/Saez-Zuchman-final-draft.pdf]/Kankee

Second, we discuss the role a wealth tax can play in the overall progressivity of the U.S. tax system. A well-enforced wealth tax would be a powerful tool to restore progressivity at the top of the U.S. income and wealth distribution. It would increase the tax rate of wealthy families who can currently escape progressive income taxation by realizing little income relative to their true economic income. Despite the rise of inequality, the U.S. tax system has become less progressive in recent decades. The three traditional progressive taxes—the individual income tax, the corporate income tax, and the estate tax—have weakened. The top marginal federal income tax rate has fallen dramatically, from 70 percent or more between 1936 and 1980 down to 37 percent in 2018. Corporate taxes (which are progressive in the sense that they tax corporate profits, a highly concentrated source of income) as a share of corporate profits have declined from about 50 percent in the 1950s and 1960s to 16 percent in 2018 (Saez and Zucman 2019a). Estate taxes on large bequests now raise little revenue due to a high exemption threshold, many deductions, and weak enforcement. As a result, when combining all taxes at all levels of government, the U.S. tax system now resembles a giant flat tax. All groups of the population pay rates close to the macroeconomic tax rate of 28 percent, with a mild progressivity up to the top 0.1 percent and a significant drop at the top end, with effective tax rates of 23 percent for the top four hundred richest Americans (Saez and Zucman 2019a, chapter 1). Third, we discuss the empirical evidence on wealth tax avoidance and evasion, as well as tax enforcement policies. Several recent and wellidentified empirical studies cast light on these issues. We discuss lessons learned from the experience of other countries. The specific form of wealth taxation applied in a number of European countries had three main weaknesses. First, they faced tax competition (moving from Paris to London extinguished the French wealth tax immediately) and offshore evasion (until recently there was no cross-border information sharing). Second, European wealth taxes had low exemption thresholds, creating liquidity problems for some moderately wealthy taxpayers with few liquid assets and limited cash incomes. Third, European wealth taxes, many of which had been designed in the early twentieth century, had not been modernized, perhaps reflecting ideological and political opposition to wealth taxation in recent decades. These wealth taxes relied on self-assessments rather than systematic information reporting. These three weaknesses led to reforms that gradually undermined the integrity of the wealth tax: the exemption of some asset classes such as business assets or real estate, tax limits based on reported income, or a repeal of wealth taxation altogether. A modern wealth tax can overcome these three weaknesses. First, offshore tax evasion can be fought more effectively today than in the past, thanks to a recent breakthrough in **cross-border information** exchange, and wealth **taxes** could be applied **to expatriates** (for at least some years), mitigating concerns about tax competition. The United States, moreover, has a citizenship-based tax system, making it much less vulnerable than other countries to mobility threats. Second, a comprehensive wealth tax base with a high exemption threshold and no preferential treatment for any asset classes can dramatically reduce avoidance possibilities. Third, leveraging **modern** information **tech**nology, it is possible for tax authorities to collect data on the market value of most forms of household wealth and use this information to prepopulate wealth tax returns, reducing evasion possibilities to a minimum. We also discuss how missing market valuations could be obtained by creating markets. In brief, the specific way in which wealth was taxed in a number of European countries is not the only possible way, and it is possible to do much better today. Fourth, we discuss the real economic effects of wealth taxes on wealth inequality, the capital stock, entrepreneurial innovation, top talent migration, family structure, and charitable giving. For many of these aspects, there is relatively little empirical evidence to draw on, and we flag the most important avenues for future research. Fifth, we present a new tractable model of wealth taxation of billionaires that can be applied to the Forbes 400 data since 1982. The model can be used to illustrate the long-run effects of concrete wealth tax proposals such as those put forth by the Warren and Sanders campaigns on top fortunes and wealth concentration. I. Wealth Inequality and Tax Potentia

#### Wealth taxes are a minor factor when it comes to wealthy departure.

Tax Justice UK [Tax Justice UK, non-partisan campaigning and advocacy organization in the UK, focus to establish equitable tax policies, 5-25-2023, "‘Wealth taxes will cause the rich to flee’: 12 wealth tax myths debunked," https://taxjustice.uk/blog/wealth-taxes-will-cause-the-rich-to-flee-12-wealth-tax-myths-debunked/]/Kankee

3. If wealth taxes are increased, won’t rich people just move abroad? **Studies** have shown that most wealth holders who live in the UK have ties here, want to be here, and want to contribute as citizens. **Tax levels** are a **minor** factor in their decision to relocate in comparison to factors such as family and social ties, schooling, and overall economic stability. Our tax proposals would only lead to a very small amount payable relative to the net worth of people’s assets. For example, the 1-2% tax would only apply to assets above the £10 million threshold. It would not tax assets below the £10 million threshold. This would mean someone with £11 million in assets would only pay £10,000 – £20,000 a year, because they would only be taxed on their assets between £10 – £11 million, not on anything below £10 million.​ Existing evidence on reform of the non-dom status showed that increasing taxes on the super-rich led to a minimal number of individuals leaving the UK. Reforms in 2017, which restricted access to the non-dom regime, led to just 2% of those who had been in the UK for fewer than 3 years leaving, the number was significantly lower for those with longer- term ties to the UK. 4. In Norway, wealth taxes have lead to the rich fleeing the country. The recent experience of a marginal increase in wealth taxes in **Norway** has led to some misleading and hyperbolic media reports that the rich are fleeing. Of 236,000 millionaires and billionaires in Norway, the relocation of 30 – while substantially higher than in previous years – still amounts to a mere 0.01% of Norway’s millionaire and billionaire population. The lost revenue from the leaving millionaires comprises a small percentage of the revenue gained from the increase. For any substantial cost to the economy to occur, academics Arun Advani and Andy Summers, have estimated that the migration response would have to be more than 15 times larger than this. 5. Can’t the rich just voluntarily pay more tax if they would like to?

#### Capital flight fails – exit taxes and citizenship basis

Saez and Zucman 20 [Emmanuel Saez, Morris Cox Professor of Economics and Director of the Center for Equitable Growth at the University of California, Berkeley, and Gabriel Zucman, Assistant Professor of Economics at the University of California, Berkeley, 4-8-2020, "A Wealth Tax Can Work—And It's One Essential Tool Among Many", Boston Review, https://www.bostonreview.net/forum\_response/emmanuel-saez-gabriel-zucman-final-response/]/Kankee

The main reason why a number of European countries abolished their wealth tax is that they gave up on attempting to address international tax competition. There’s no EU-wide wealth tax, and EU member states don’t tax expatriates. A wealthy Swedish resident could avoid the Swedish wealth tax by relocating to Switzerland—it was child’s play. The international mobility of wealthy individuals would not be a concern for a **U.S**. wealth **tax**, because U.S. citizens are taxable in the United States no matter where they live. Karl Smith and Dean Baker worry that wealthy Americans would renounce citizenship should a wealth tax be implemented. But this risk can be avoided. A steep exit tax could be applied at the time of citizenship renunciation; the Warren wealth tax, for example, includes a 40 percent **exit tax** on net wealth. Other mechanisms could be considered. For instance, the United States could continue taxing billionaires even after they renounce U.S. **citizenship**. To a large extent, all large fortunes are social creations: U.S. billionaires have benefited from U.S. markets, U.S. workers, the U.S. legal system, U.S. public infrastructure, and so on. It would be legitimate for the United States to keep taxing billionaires who built their wealth while living in the United States, even after they’ve renounced U.S. citizenship. In the twentieth century, the United States pioneered the sharply progressive, quasi-confiscatory taxation of high incomes. From 1930 to 1980, the top marginal income tax rate averaged 78 percent; it exceeded 90 percent in the 1950s and early 1960s. The goal of this policy was not to generate government revenues. It was to reduce the concentration of pre-tax income. It was to change how markets work: to discourage the various forms of rent extraction that are associated with unfettered markets and to suppress the incentives for corporate executives, for instance, to pay themselves sky-high salaries.

#### Wealth exodus in Norway sparked exit taxes that remediate the problem

Pizzigati 6-11 [Sam Pizzigati, labor journalist and Institute for Policy Studies associate fellow, 6-24-24, "Norway Isn’t Bowing to Threats of Capital Flight", Common Dreams, https://www.commondreams.org/opinion/norway-exit-tax]]/Kankee

So you think the rich have life easy, do you? Just try telling that to the deep pockets who’ve spent tens of millions buying condos at 432 Park Avenue, the 11-year-old Manhattan luxury tower that once rated as our hemisphere’s tallest residence. Condo owners in the tower have had to put up with “faulty elevators, leaky plumbing, and noise issues.” They’re now suing the building’s operator. Or consider the plight of those fabulously wealthy souls who’ve had to pay millions to move their mansions off the sandy coast of Nantucket, the one-time hippie refuge that’s become a summer “holiday hot spot for billionaires.” The problem? With climate change raising water levels, seaside homes on this Massachusetts island now have a nasty habit of “falling into the ocean.” Or contemplate what life would be like if you were a person of means who fell in love with a mega-yacht the length of a football field and just had to be able to call that yacht your own. The purchase sets you back well over $100 million. But now you’ve just realized you’ll be annually paying at least 10% of that purchase price to dock and staff and fuel and insure your oh-so-cute new plaything. The one saving grace amid challenges like these: Things could be a lot worse. You could be a rich Norwegian. Norway’s wealthiest have faced a wealth tax ever since 1892, and, over the generations since then, no nation in the world has taken taxing wealth as seriously. But that tradition came under a direct challenge just over a decade ago, in 2013, when a new conservative government came into power. Over the next eight years, that government set about cutting Norway’s richest some slack at tax time. This conservative government, under prime minister Erna Solberg, trimmed down Norway’s wealth tax, eliminated the nation’s levy on inheritances, and slashed the tax rate on incomes. The predictable result: Norwegians with the greatest wealth, a Statistics Norway analysis found, saw the greatest gains. “The richest have been given 100 times more in tax cuts than the lowest-paid under Erna Solberg,” the Norwegian Labour Party’s Hadia Talik would charge. “If you want less inequality, tax policies have to be distributive. That’s the fairest way and gives a better basis for the country to create value.” In the 2021 elections, voters would agree. The center-left government they voted into power that year moved quickly to reverse the Conservative Party’s rich-people-friendly tax cuts. By 2023, the top wealth tax rate on Norway’s largest fortunes had risen from 0.85 to 1.1%, just one of a number of moves that distinctly displeased many of Norway’s richest, among them the industrialist Kjell Inge Røkke. Midway through 2022, Røkke announced he was moving to Switzerland. Other rich Norwegians would follow Røkke out. By 2022’s close, over **30 of Norway’s richest** had **departed**, more wealthy emigres than Norway had seen over the previous 13 years combined. But that exodus would only strengthen the resolve of tax-the-rich progressive lawmakers. “The wealthiest should contribute more to society,” noted Bjørnar Moxnes, the Red Party leader, “and it’s important that Norway doesn’t let itself be held hostage by billionaires who threaten capital flight.” Norway’s richest, the finance ministry state secretary Erlend Trygve Grimstad would add, have always had to pay more in taxes to help keep the nation’s world-class public services—including free healthcare—strong and vital. “Those who enjoy success with this social model,” Grimstad posited, “must contribute more than others.” Other Norwegians—like the Financial Times economics commentator Martin Sandbu—would directly challenge the case against raising taxes that Norway’s tax exiles were trying to make. These exiles, Sandbu observed, tend never to say “that they just want to pay less” at tax time. They instead pose as the “geese that lay golden eggs.” They’re only moving, these rich insist, “because the wealth tax forces them to take capital out of their companies to pay it, and that, in turn, is bad for growth, business development, and employment where their companies are based.” But Norwegian companies, Sandbu countered, show no signs of suffering from a lack of access to capital. The capital these companies need can “come from other sources than the original owners, and it may be precisely this dilution that rankles, especially for self-made entrepreneurs or family businesses.” Those Norwegian wealthy who feel most rankled, Norway’s current legislative majority believes, do have every right to exit the nation. But they have no right to leave with all the wealth that Norway’s commitment to economic security—for everyone—has helped those rich amass. How to keep wealthy exiles from jetting off with wealth they should be sharing? Norway’s progressive lawmakers have put together a new “**exit tax**” that will have wealthy exiles paying a loophole-free exit **levy on unrealized capital gains**. Exiles will have the option of paying their exit tax in interest-free installments over 12 years or paying the total due, with interest, after 12 years. These exiles will, of course, have the option of returning home to Norway anytime they’d like. And if they do return, they’ll be reentering what may be the world’s most equal nation. One telling indicator of that equality: the Bloomberg Billionaires Index. On this list of the world’s 500 richest, only one Norwegian today appears—in 374th place. In a few years, who knows, you might not find any Norwegian on that list at all.

#### Wealth taxes gain significant revenues – assumes migration

Palanský and Schultz 24 [Miroslav Palanský, Assistant Professor of Economics at the CORPTAX group at Charles University with a Ph.D. in Economics from the Institute of Economic Studies at Charles University, and Alison Schultz, Research Fellow at the Tax Justice Network with a Ph.D. in Finance from the University of Mannheim, 08-2024, “Taxing extreme wealth: What countries around the world could gain from progressive wealth taxes,” Tax Justice, https://taxjustice.net/wp-content/uploads/2024/08/Taxing-extreme-wealth-What-countries-around-the-world-could-gain-from-progressive-wealth-taxes-Tax-Justice-Network-working-paper-Aug-2024.pdf]/Kankee

With the aim of assessing the potential for a wealth tax that – if well-implemented and flanked by globally coordinated measures to disallow tax abuse – should leave minimal room for abuse by shifting assets to other countries, we disregard this illegal evasion possibility in our estimates. However, the risk that wealthy citizens leave the country to avoid paying wealth taxes in a legal manner remains a challenge. While anecdotal evidence exist on migration of ultrarich individuals after the implementation of a wealth tax, often because of the public outcry, academic papers find negligible migration effects of new taxes applying to the wealthiest individuals (Young et al. 2016). Advani, Burgherr, and Summers (2022) look at a comparable setting, namely the 2017 **UK reform** that brought long-stayers and UK-born non-doms into the standard tax system, reducing their effective net of average tax rate by between 8.8 and 13.0 per cent. Similar to the introduction of a progressive wealth tax, the change only affected wealthy individuals who are, on average, relatively mobile.13 The paper does not find significant moving effects after the reform. The authors explicitly rule out a migration response above 3.2 per cent. To prepare for the worst case, we therefore provide alternative estimates in which we assume that 3.2 per cent of taxable persons leave the country after the implementation of a wealth tax. We assume that moving probabilities are equally distributed in the different wealth bins of taxable wealth. Columns (4) and (5) of Table 4 demonstrate that, even after accounting for potential migration in response to the wealth tax, **total revenue** across states worldwide still amounts to **over US$2.1 trillion,** or an average of 7.0 percent of countries’ existing revenues. 5 Conclusion

### AT: Campaign Finance CP

#### Money doesn’t buy elections – recent history proves

Thorndike 20 [Joseph J. Thorndike, director of the Tax History Project at Tax Analysts, 02-10-2020, "A Wealth Tax Could Make Rich People More, Not Less, Powerful", Tax Notes, https://www.taxnotes.com/featured-analysis/wealth-tax-could-make-rich-people-more-not-less-powerful/2020/02/07/2c4mp]/Kankee

Most of those tax proposals, including the wealth tax plans championed by Sens. Elizabeth Warren, D-Mass., and Bernie Sanders, I-Vt., have been defended as a means to curb not just economic but political power. The leap from one to the other seems rather modest: It’s intuitively obvious that rich people have outsize influence in politics. And there’s evidence to support that intuition, with social scientists demonstrating a clear link between wealth and public policy. But here’s the problem: Money affects politics in any number of ways, and it’s unclear that it’s decisive in some of the most important political arenas, like presidential campaigns. Even more problematic, if you believe that money really is the root of all political evil, it’s unclear that new taxes on wealth will improve the situation. In fact, those taxes could make matters worse. Legitimate Worries That money matters to politics is hardly news; critics have been making that complaint for centuries. More to the point, since the 1970s that complaint has helped shape a range of campaign finance restrictions. Even today, in the wake of the Citizens United decision, those restrictions continue to regulate the influence of money in politics. But money still seems to be getting its way, at least most of the time. In recent years, social scientists have tried to get specific about the ways money shapes governance. Northwestern University political scientist Benjamin I. Page has been a leader in this field, and in a recent paper with Princeton University political scientist Martin Gilens, Page argued that rich people are getting much of what they want — certainly more than their less-rich fellow citizens. “The central point that emerges from our research is that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while mass-based interest groups and average citizens have little or no independent influence,” they wrote in 2014 in the journal Perspectives on Politics. But if money can buy policy, it’s less clear that it can buy elections. The Center for Responsive Politics, publisher of the OpenSecrets.org website, tends to think it can. “Even in wave elections, the candidate who spends the most usually wins,” the center concludes in a statement on its website. “This trend is stronger in the House than the Senate but applies in both chambers.” That trend may be less clear at the presidential level. Campaigns for the White House have been getting more expensive in every cycle, but spending hasn’t grown especially fast when adjusted for inflation. Moreover, President Trump’s victory in 2016 seems to raise serious doubts about the power of money in high-profile campaigns. Trump won the 2016 Republican primary over the opposition of most party leaders and many deep-pocketed GOP donors. He went on to win the general election on the relative cheap; according to The Washington Post, Hillary Clinton spent $768 million while Trump clocked in at $398 million. If money can buy policy, it’s less clear that it can buy elections. The 2016 election is just part of a larger story that makes it hard to reconcile simplistic corruption narratives with the actual business of politics. Arguably, politics is more democratic today, in the era of growing economic inequality, than it was in decades past. Once upon a time, party elites — and the donors who supported them — were almost entirely insulated from popular pressure when making their most important decisions. Presidents were nominated in the proverbial smoke-filled rooms, and regular voters got their say only in a final two-way race. By contrast, as Trump made clear, regular voters have the decisive voice in modern nomination decisions. Primaries and caucuses may not be perfect (we’re looking at you, Iowa), but they are generally “small-d” democratic. And again, using Trump as an example, we can draw a reasonably straight line from primary victories to the practical business of governance. Does anyone seriously doubt that America looks different today than it would have if Jeb Bush had won the nomination? Power in the primaries is power in politics. Still, the story of money in politics remains complicated. Primary voters have been empowered since the 1970s, but that doesn’t mean money doesn’t influence how they cast their ballots. Candidates with lots of money can buy more organization and advertising, both of which can be decisive. Moreover, the scale of money in politics still remains small. Clinton tried to win the presidency by spending about three-quarters of a billion dollars. For at least one of the current Democratic candidates, however, that’s a relative drop in the bucket: Michael Bloomberg may well spend twice, three times, or even five times as much in his current bid for the White House. It’s hard to imagine that kind of money wouldn’t make a difference. Indeed, some recent polling suggests it might be already. Uncertain Solutions

### AT: Not Constitutional

#### Wealth taxes are constitutional – Congress has broad taxation power

Glogower et al. 21 [Ari Glogower, Associate Professor of Law at The Ohio State University Moritz College of Law and graduate of Yale University and New York University School of Law, David Gamage, Professor of Law at Indiana University Bloomington and graduate of Stanford University and Yale Law School, and Kitty Richards, a fellow at the Roosevelt Institute and graduate of Reed College and New York University School of Law, 02-2021, “Why a Federal Wealth Tax is Constitutional ,” Roosevelt Institute, https://www.repository.law.indiana.edu/cgi/viewcontent.cgi?article=3960&context=facpub]/Kankee

Critics have argued, however, that a wealth tax would be unconstitutional because of the Constitution’s apportionment rule, which requires certain taxes to be apportioned among the states according to their populations. These critics advance maximalist interpretations of the apportionment rule and reconstruct the rule as a significant limit on Congress’s constitutional taxing power. In response to these objections, this brief explains why these critics misinterpret the role of the apportionment rule, and why the Constitution grants Congress broad taxing powers that allow for a wealth tax, whether it is apportioned or not. The maximalist interpretations misapprehend the role of apportionment in the constitutional structure, and improperly elevate a peripheral rule into a major barrier to tax reform. This brief explains why constitutional history and Supreme Court precedents instead support a measured interpretation of the apportionment rule. This measured interpretation preserves apportionment’s role in the constitutional structure—and does not read the provision out of the Constitution—but also does not improperly inflate the rule into a fundamental limitation to Congress’s taxing power. Under this interpretation, the Constitution allows Congress to enact an unapportioned wealth tax but would still require apportionment for some other forms of taxes, such as a tax on real estate alone. This brief offers a descriptive analysis of the constitutional provisions and consequently describes how any member of the Supreme Court should evaluate a federal wealth tax, regardless of the member’s personal motives or policy preferences. Discussions of the constitutionality of a wealth tax sometimes conflate this descriptive analysis—as to what the Constitution in fact does and should require—with a predictive analysis of how particular members of the current Supreme Court might rule. Although this brief primarily offers a descriptive analysis of the constitutional provisions and what they require, the final section addresses the separate question of whether Congress should enact a wealth tax at a time when particular members of the Supreme Court may rely upon maximalist arguments to strike it down. A federal wealth tax warrants sustained and careful debate on the merits: how it should be designed, how it will affect economic activity and tax revenues, and how it should interact with other taxes. This important debate, however, should not be short-circuited by reflexive arguments that a wealth tax would be unconstitutional. Rather, voters and legislators should determine the scope and design of a federal wealth tax, as the Constitution ultimately requires. THE CONSTITUTION GRANTS CONGRESS A BROAD TAXING POWER, WITH SOME LIMITATIONS Understanding Congress’s taxing power under the Constitution begins with a consideration of the tax provisions and their role in the constitutional structure. Article I Section 8 Clause 1 provides Congress’s general taxing power: “The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence [sic] and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States.” This language grants Congress a broad general taxing power for a broad range of public purposes.2 The provision only includes one explicit restriction: that such measures must be imposed uniformly across the country. As described below, the courts have not interpreted the uniformity requirement as a significant limitation to Congress’s taxing power. One additional restriction appears at two other locations in the Constitution, which is referred to as the “apportionment rule.” Article 1 Section 2 Clause 3 originally provided, in the context of the structure of the House of Representatives, that “Representatives and direct Taxes shall be apportioned among the several States which may be included within this Union, according to their respective Numbers, which shall be determined by adding to the whole Number of free Persons, including those bound to Service for a Term of Years, and excluding Indians not taxed, three fifths of all other Persons.” Article 1 Section 9 Clause 4 similarly provides: “No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or enumeration herein before directed to be taken.” The apportionment rule, when it applies, requires a tax to be imposed in each state, proportional to that state’s population. This rule, by definition, treats taxpayers differently based on their geographic location, and is therefore incompatible with the uniformity requirement, which precludes such differential treatment. As a result, the uniformity requirement and the apportionment rule are commonly understood to apply to different forms of taxes, but not simultaneously to the same tax.3 THE MEASURED INTERPRETATION OF THE APPORTIONMENT RULE AVOIDS THE PROBLEMS WITH MAXIMALIST AND MINIMALIST INTERPRETATIONS

#### Merits outweigh political possibility and constitution sycophantism is stupid

Robinson 19 [Nathan J. Robinson, editor-in-chief of Current Affairs magazine with a PhD in sociology and social policy at Harvard University, 11-16-2019, "I Don’t Know Why I Should Care What the Constitution Says", Current Affairs, https://www.currentaffairs.org/news/2019/11/i-dont-know-why-i-should-care-what-the-constitution-says]/Kankee

It’s the same way I feel about the Founding Fathers. There are plenty of arguments I find persuasive, or at least worth taking seriously. For example, if someone argues that Policy X will destroy the economy, I tend to take the argument seriously, because, well, if the person is right, that’s a pretty good reason for not doing Policy X. Sometimes, when I see people criticizing left policies, they are arguing that left policies will have bad consequences, and I think those of us on the left need to explain why we do not think our policies will have those bad consequences. But just as often, I see arguments that I don’t have any respect for: (1) that our policies are “politically impossible” and (2) that they’re “unconstitutional.” I’ve written before about “political impossibility” arguments. The reason I don’t think they’re worth spending time on is that nobody knows what is and isn’t politically possible, because political reality changes rapidly and unpredictably. Donald Trump was told that his presidency was impossible. He ignored this, and now he is president. After all of the experts on the limits of the possible got Trump so wrong, I feel no need to ever listen to them again as they make new predictions about what can and cannot happen in politics. We are now in uncharted territory, and while we need some theory for how we’re going to get Policy X done, we can only know whether the theory works by trying it. So we should be spending our time asking questions like: Is Policy X a good idea? And if the answer is yes, then we ask: What’s our most plausible path toward getting Policy X done? Be on the lookout, because “experts” often drift from subject areas where they actually know something to “political possibility” speculation, which they know nothing about. See, e.g., Larry Summers and Paul Krugman. Even if we assume an economist has some expertise, that expertise is on economics, not on “what social movements can and cannot accomplish.” Disregard these men entirely when they stray from their narrow field of knowledge. Just as I don’t think it’s worth spending time on “political impossibility” arguments, I have never understood why I should care what the Founding Fathers thought about anything. Consider this recent article from USA Today called “Hey, Elizabeth Warren: Your wealth tax plan? It’s unconstitutional.” It is by a minor Bush administration official, and in part it does make a “consequences” argument against wealth taxes, saying “the fact that this is bad economics seems intuitive” because “the top 1% of wage earners pay a greater share of federal income taxes than the bottom 90% combined.” As I say, I take seriously arguments that policies are bad on their merits, but I feel I can ignore this one, because (1) the author offers absolutely no actual supporting evidence for their claim that this is “bad economics” beyond their “intuitive” feeling that it is and (2) the one point they do make, about top earners paying a lot already, is an incredibly misleading piece of bullshit, for reasons that should be obvious to anyone who grasped elementary arithmetic. (Say there are only two people in a country, you and me, and I have a billion dollars and you have one dollar. Even if the tax rates are vastly skewed in my favor [e.g., I pay 1 percent and you pay 10 percent] I am going to pay the vast majority of the tax revenue. Conservatives use the “share of federal income taxes” to try to show that rich people are being soaked when what it actually shows is just that they are very rich and most of us barely have any money to tax.) The majority of the article, though, is about how wealth taxes are unconstitutional. In a section entitled “not what the Founders wanted,” the author writes: Article 1 Section 9 of the Constitution forbids the government from laying a “capitation, or other direct, tax” unless in proportion to the census. Alexander Hamilton, in a brief supporting a national carriage tax, explained that a direct tax comprises, among other things, “taxes on lands and buildings. General assessments, whether on the whole property of individuals, or on their whole real or personal estate.” In 1895, the Supreme Court ruled that income taxes were forbidden under this logic in Pollock v. Farmers’ Loan & Trust Co. Chief Justice Melville Fuller noted that “nothing can be clearer than that what the Constitution intended to guard against was the exercise by the general government of the power of directly taxing persons and property.” This was the background to the 16th (or income tax) Amendment, which was proposed, passed and ratified during William Howard Taft’s single term. It gave Congress the right to levy a form of taxation that was originally constitutionally suspect. But there is no provision in that amendment for a general federal property or wealth tax… I have to say, when I read things like this, I can’t help but think of Bob Avakian. Imagine that Chairman Bob someday manages to found a microstate. And he writes all the rules up, personally, and makes everyone follow them. Then, 250 years later, Bob is long dead, and the people of Bob’s country have finally established a sort of democracy after two centuries where the country was ruled by “people who looked the most like Bob” using Bob’s handwritten rules. Imagine how it would sound, to those citizens who had finally established a system where you didn’t have to look like Bob in order to participate in governance, if some of the people who still looked like Bob said things like “Well, your new tax isn’t what Bob would have wanted.” Wouldn’t you say to yourself what I said back at that RCP talk in college? Why should I give a damn what Bob Avakian thinks about anything? This is going to sound quite radical, but it’s true, so you need to believe it: The Constitution is a wholly illegitimate document to which we owe no loyalty whatsoever. To be honest, that should only sound radical if you don’t think women, African Americans, and Native Americans are people. If you do believe that women are people, then the fact that they were excluded from the Constitution’s drafting and ratification means that it has about as much legal and moral force as if I declared myself king of the world. The vast majority of the country had no input into the founding governance document. It was imposed on them by force. I do not see why they owe it respect. I do not doubt that Alexander Hamilton wouldn’t have wanted a wealth tax. He was, after all, a wealthy person. Perhaps the author’s constitutional scholarship is accurate. I don’t particularly care. Sooner or later this country needs to come to terms with something very unsettling: We have never set up a binding constitution, because we have never passed a democratically legitimate one. Until the early 20th century, the female half of the population was completely disenfranchised. Black people did not get the franchise fully guaranteed until the 1960s, which let us remember is within the lifetimes of people who are alive today. (And since not everyone is allowed to vote today, arguably we still cannot call ourselves a democracy.) The temptation, of course, is to say that the Constitution finally took its real effect around 1965, when voters “tacitly consented” to it. But it is ludicrous to think that the rules written by a small minority could suddenly become binding once the franchise is widely granted. The Constitution sets up the rules for changing it, and voters had to follow rules that were imposed undemocratically. To say that if we haven’t yet changed the Constitution, we accept its provisions, is to say that the rules of the game are legitimate, but the whole point is that they aren’t. If at Point A we have an authoritarian government that makes a set of rules, and at point B we have a “democratic” government but only within parameters laid down at Point A, we do not have a democratic government. No, I’m afraid there’s no choice. Eventually we’re going to have to start fresh and convene a new constitutional convention. It sounds radical, but unless we do it we’re always going to be governed by the dead hand of an illegitimate dictatorship. (In my fictitious memoir from the year 2076, I describe how this might transpire and what a useful and proper Constitution might look like.) Now, as you can see, that means that I’m not against Constitutions. I’m not against rights. I am a strong believer in rights. I am sure critics would say that I believe in lawlessness and might makes right because I do not think the Constitution and Bill of Rights command much inherent respect. But that’s not the case. I am a strong believer in democracy and civil liberties, and it’s precisely because our existing Constitution is so dysfunctional at protecting people’s rights that I think there is good reason to point out its illegitimacy. We should respect the good parts of the Constitution (free speech, free press, no unreasonable searches, etc.) and discard the bad (any limits on taxing the wealthy), and we should respect the good bits not because the Founders believed in them—since many of the Founders also owned and raped humans, calling their judgment into question—but because they are good. I feel as if liberals make a mistake when they have Constitutional arguments with the right. I think there is a temptation to say “Actually, the Constitution does allow wealth taxes” or “Actually, ‘cruel and unusual punishment’ should ban the death penalty” or whatever. And sometimes there are good arguments here, I’m sure Elizabeth Warren’s former Harvard Law students can put together an excellent brief on why her wealth tax is constitutional. But more importantly: The respect we owe the opinions of Alexander Hamilton equals the respect the citizens of Avakiana owe the laws of Chairman Bob. Perhaps Bob did a good job setting up the country in many ways. Perhaps he was very wise actually, and perhaps his rules were far better than those of other countries at the time. That’s a good reason to study and learn from them, and even incorporate some of the good ones into the next set of rules. But there’s no need to defer to their authority when it leads to absurdity. I’d like to quote one more bit of the USA Today article because it shows how silly constitutional arguments can get: A second objection is that the wealth tax proposal is functionally a bill of attainder, which is also forbidden under Article 1 Section 9, and denied to the states under Section 10. The ban was based on the abuse of this process by British governments seeking to punish political dissent. Hence bills of attainder, according to Chief Justice Earl Warren in the 1965 case United States v. Brown, were intended by the Framers to bar “legislative punishment, of any form or severity, of specifically designated persons or group.” Under the test laid out in the 1946 case United States v. Lovett, bills of attainder identify specific groups (in this case “billionaires”) and impose punishment (taking wealth) without a trial. Laws denying employment to members of subversive organizations have been overturned by this standard; replace “communists” with “the wealthy” and you can see how the class warfare script has flipped. One thing I learned in law school is that you can make an argument for literally anything. You can make arguments that slavery, war, and environmental destruction are good. And as you can see here, you can make an argument that because “billionaires” are a “specific group,” you cannot punish them under the Constitution. It’s a dumb argument, of course. Extreme wealth is immoral and harmful, and so “billionaires” are only a “specific group” in the same way that “murderers” are a “specific group,” but “This anti-murder law unfairly singles out murderers for unique punishment” would sound ridiculous. The possession of wealth is an action with consequences, and even if taxation is considered “punishment” (which it isn’t), it would be punishing an action rightly regarded as criminal. But what determines whether a bullshit argument is accepted is ultimately not the Constitution. It is the courts, and who is on the courts will be determined by the political process. If the right manages to cram hundreds of judges into the court system, the possession of wealth will be some kind of “protected status” and constitutional rights will be all about shielding it from “persecution.” If the left takes power, its judges will rightly recognize the obscenity of treating “having power” (e.g., having wealth) as a vulnerability similar to being a racial or religious minority. I should, then, note that I cede too much when I suggest that conservatives do actually care about the text of the Constitution. They invoke it a lot, because the Founders were conservative, and so of course they want it to bind us as rigidly as possible, but ultimately when text and legal principles conflict with their beliefs about who should hold power, out go the legal principles. After all, as I say, if we really care about legalistic integrity, that should reduce our deference to the Constitution, because it lacks it. (Similarly, I have pointed out that if you really care about “property rights” you should acknowledge that climate change is a giant act of theft perpetrated by rich countries against poor ones.) I have showed before, by examining the jurisprudence of the Supreme Court and Brett Kavanaugh’s district court opinions, how political ideology rather than text or even logic is what produces conservative judgments. I do not want to give the mistaken impression that I think constitutional conservatives have some integrity. I think the big fear is that if you think “values” rather than “existing laws” should be given the most deference, you will end up becoming some sort of authoritarian or you will believe that “anything goes.” But anything does not go: Only the good things go. “Ah, but who is to say what the good things are? You?” No, the result of a democratic process. “Oh, so it’s just majority rule?” No! I think there is a bad faith move pulled here, where opponents of democracy pretend that there is some process that doesn’t involve having some conception of the collective will imposed on everybody. Really, though, we’re not talking about my “anything goes majority rule democratic free for all” versus your “respect for individual rights.” We’re talking about whether the rules are going to be made by dead slaveowners or by the people who exist in the here and now and who actually have to live under them. What this comes down to is a matter of trust: Conservatives trust Alexander Hamilton, and I trust my neighbors. They think my neighbors are scary and cannot be given power, while I think Alexander Hamilton should have no say whatsoever in contemporary wealth tax debates. These are the terms of the dispute: Those making arguments that left policies are unconstitutional are the ones who think Bob Avakian should rule over us centuries after his death, while those of us on the left think that people should get to determine their own fates, and the dead do not make rules that the living are bound to respect.

### AT: Valuation Hard

#### No valuation issues – third party reporting solves

Malleson 23 [Tom Malleson, Assistant Professor in the Social Justice and Peace Studies program at King's University College at Western University with a PhD from the University of Toronto, 03-2023, "Is It Feasible to Reduce Inequality?: Wealth Taxes and Tax Havens", OUP Academic, https://academic.oup.com/book/45694/chapter-abstract/398097174?redirectedFrom=fulltext&login=false/Kankee

\*note: missing letters in source text replaced

Valuation A major concern with the feasibility of a wealth tax is valuation. Is it really possible to accurately measure the total wealth of a rich individual—their houses, boats, cars, jewelry, artwork, stocks, bonds, derivatives, pension funds, life insurance schemes, etc.—and do so every single year for each and every rich individual? Clearly this is no easy task, and critics are right to point to the real difficulties here. A particularly thorny aspect of the problem is the difficulty in measuring hard-to-value types of wealth. For instance, Kamin (2015) points out that 49% of the assets of rich people (the top 1%) are not easily valued. They own houses that have been owned for many years and so may have a very different value than their original purchase price; likewise, family businesses that are not traded on the stock market do not have an obvious value; similarly, jewelry and precious art—such as important paintings—may be difficult to value in the abstract without actually going through the process of putting them up for sale. The other dimension of the problem is the sheer volume of things to be measured—all the cars, boats, jewels, homes, stocks, bonds, and so on. Given the magnitude of items involved, governments have typically relied on self-reporting of wealth for calculating taxes, with subsequent audits of small numbers of random people. The problem with this approach, of course, is that self-assessment typically leads to massive undervaluation (as tax appraisers hired by rich individuals unsurprisingly tend to significantly undervalue the wealth of the person who has employed them). This problem is compounded to the extent that wealthy people can typically expect to be audited only very rarely or never at all. The more lax the official monitoring, the stronger the temptation to undervalue one’s assets. Given these problems, it is tempting to dismiss the wealth tax as simply infeasible. However, a number of countries have successfully implemented a wealth tax, coming up with a number of practical (if imperfect) solutions to valuing all kinds of assets (Chamberlain 2020; Daly, Hughson, and Loutzenhiser 2021). In fact, modern societies possess more than enough tools to make a wealth tax work effectively. The basic solution is to use thirdparty reporting, not self-assessment, as much as possible; for the remaining assets, we can use modern techniques of prospective and retrospective valuation, combined with increasing enforcement (hiring more auditors and creating stiffer penalties for fraud). As Saez and Zucman (2019b) point out, the key to successful modern income taxation is third-party information reporting, so that tax authorities receive information directly from third parties (such as employers and financial institutions). The same principle should be followed for the wealth tax. In other words, financial institutions should be required to provide the tax authorities with annual information on as many assets as possible (such as interest-bearing assets, publicly listed stocks, assets indirectly held through mutual funds, pension funds, real estate, vehicles, mortgages, loans, and other debts), the general principle being that all assets should be priced at their current market value. Having a system of widespread third-party reporting would go a substantial way toward making a wealth tax effective. After all, it is well-known that third-party reporting leads to high levels of valuation accuracy and minimal avoidance (Hochguertel and Ohlsson 2012). For instance, the study that found the highest levels of evasion of the wealth tax (Brülhart et al. 2019a) is from Switzerland, where the government relies on citizens to self-report their wealth. It seems reasonable to suspect that if details of Swiss wealth were automatically transmitted from the banks to tax authorities there would be far less evasion.5 Now it is of course true that not all wealth can be easily subject to thirdparty reporting. But most can. Saez and Zucman (2019d) estimate that fully 80% of the wealth of the top 0.1% wealthiest families is in the form of assets that are regularly traded, such as publicly traded stock, bonds, and real estate, and so have a clear market price: “Among the 15 richest persons [in the United States], 12 of them—representing 83% of the wealth of this group— are large shareholders of corporate giants Amazon, Microsoft, Berkshire Hathaway, Facebook, Oracle, Google, Walmart, and Las Vegas Sands, whose stock is publicly traded and thus has a well-defined market value. For them, avoiding the wealth tax is impossible. How could Jeff Bezos pretend that his wealth in Amazon stock is worth only a fraction of its observable market value?” For assets that cannot be subject to third-party reporting, a plausible solution is to use modern accounting techniques of formulaic prospective and retrospective valuation (Gamage 2019). In prospective valuation, the future value of an asset is estimated by starting with the purchase price and then applying a standard formula to estimate the future price (perhaps based on the economy-wide normal rate of return). With this information, tax authorities can estimate the tax that should be paid by working forward from the initial purchase price of an asset. Retrospective valuation means that when an asset is sold its earlier value is retrospectively calculated by applying a standard formula in reverse; in this way retrospective valuation can be used to calculate the tax that should have been paid in each year based on working backward from the sale price. With this information, the tax authorities can reconcile any mistakes in taxation. If the tax that should have been paid exceeds what was actually paid, the taxpayer is simply charged the difference (plus interest), and if the tax paid exceeds what should have been paid, the taxpayer is refunded the difference (plus interest). Gamage (2019) points out that the combined use of formulaic prospective and retrospective valuation would allow the tax authorities to vastly reduce the amount of audits and assessments performed by actual humans, dramatically simplifying the system. Wealth tax skeptics, like Kamin (2015), suggest that there are two particularly important concentrations of wealth which are difficult to value: those of real estate and closely held businesses. Yet valuing real estate is not particularly difficult since it is already widely done (often by municipalities for calculating property tax). Of course, there will inevitably be disputes as to its accuracy, but this could presumably be improved by the use of prospective and retrospective valuation, as well as the use of modern data-based web technologies like Zillow, which provide estimates of the value of most real estate based on a range of publicly available information, such as data on the sales of comparable houses. Such information could easily be systematically reported to tax authorities (Shakow 2016). For large privately-held companies (such as Uber), the financial sector already routinely values such companies; they are listed on secondary markets, and their stock transactions are centrally registered. The IRS (or other tax authorities) could simply mandate that financial institutions report their valuations of private businesses to them. For valuing small businesses, a number of workable practices have been developed around the world. For instance, Switzerland estimates the value of small private businesses by using simple formulas based on the book value of the assets and multiples of the profits (Eckert and Aebi 2020; Saez and Zucman 2019b). None of this is to claim that there will be no difficulties or complexities. There will undoubtedly remain some hard cases, for instance, small private businesses with multiple owners that have different amounts of equity, works of art,6 and personal effects. Yet even here the basic principles are straightforward. First, extend third-party reporting protocols across ever wider swathes of the economy. Second, apply standardized formulas based on prospective valuation (reconciled with retrospective valuation at a later date). Third, hire as many professional auditors as needed and make the penalties for fraud more severe. (Since we are talking about taxing the assets of the superrich, there is very little downside in hiring many more auditors, since each new auditor will likely return more money than they cost to hire.) Fourth, allow exemptions for small assets (such as jewelry or personal effects worth less than, say, $5,000) in order to keep the job of tax auditors manageable. Fifth, keep the tax exemption threshold high, so that the total number of claimants is low (e.g., the top 5% or 1% of the population only). Sixth, it may also be useful to apply tax rates within “bands.” This would mean that everyone in lower tax bands—such as between $2 million and $4 million or between $5 million and $10 million—would pay exactly the same tax rate, regardless of how much money they make within the band. The advantage of this is that it makes valuation quite a bit simpler— individuals don’t need to prove their exact wealth, only which general band they fall into. The caveat is that banding wouldn’t be appropriate high up the wealth scale, since it would make no sense to tax someone who possesses $100 million the same as someone who has $100 billion; nevertheless, at low rates, banding may help to accommodate the inherent imprecision of valuation and thereby reduce the scope for disputes (Daly, Hughson, and Loutzenhiser 2021). How burdensome is it for taxpayers to pay for all the accounting to comply with the wealth tax? Estimates range quite widely, from a German estimate of 0.6–3.6% of the wealth tax due (Bach, Beznoska, and Steiner 2014) to 19% in the United States (Leiserson 2020). The most comprehensive and up-to-date study is from Burgherr (2021), who examines the international evidence as well as the experience of the United Kingdom in administering comparable taxes (such as the inheritance tax). He estimates that the cost of complying with a well-designed wealth tax for taxpayers is 0.1% of taxable wealth; in other words, assuming a 1% wealth tax, taxpayer costs would represent roughly 10% of the total tax being paid. In sum, valuation is a real obstacle to the implementation of a wealth tax, and it is unlikely to ever be solved perfectly. Nevertheless, it does seem possible to do well enough; that at least is the conclusion of tax experts who actually work in the field (Troup, Barnett, and Bullock 2020; see also Daly, Hughson, and Loutzenhiser 2021). Indeed, if the practice of reconciliation of taxes is widely used (based on retrospective accounting from when an asset is eventually sold) so that taxpayers receive rebates for any significant miscalculations, it seems difficult to argue that they are hard done by, or that temporary inaccuracies of valuation really matter. Avoidance and Evasion

#### Valuation is super-easy – stock valuations and financial analysts

Saez and Zucman 20 [Emmanuel Saez, Morris Cox Professor of Economics and Director of the Center for Equitable Growth at the University of California, Berkeley, and Gabriel Zucman, Assistant Professor of Economics at the University of California, Berkeley, 3-17-2020, "Taxing the Superrich", Boston Review, https://www.bostonreview.net/forum/gabriel-zucman-taxing-superrich/]/Kankee

How to tax wealth: leverage the power of markets A progressive wealth tax is possible because wealth is well defined at the very top, in contrast to realized income, which can be artificially reduced. Wealth is defined as the market value of one’s assets net of all debts. The taxable income Buffett reports to the Internal Revenue Service is a tiny amount of his true economic income; he is worth more than $50 billion. With a wealth tax at a rate of 3 percent for fortunes above $1 billion, Buffett would pay more than $1.5 billion a year. Not all forms of wealth are as easy to value as Buffett’s shares in Berkshire Hathaway, and this has been a concern for critics of a wealth tax who believe it would be impossible to implement fairly. (A publicly traded company such as Berkshire Hathaway has a well-defined market value; because Buffett’s wealth is fully invested in Berkshire Hathaway shares, it is easy to tax him. But the affluent can also own shares in unlisted (also called private or closely held) businesses. Other forms of wealth—such as art or jewelry—are sometimes hard to value, too. But these concerns—as well as the claim that wealth taxation failed in many European states, so they must fail here—are often exaggerated. The valuation problems can be addressed, if there is political will to address them. Here’s how. Modern capitalist economies such as the United States have well defined property rights and put value on most assets. Around 70 percent of the wealth owned by the top 0.1 percent richest Americans consists of listed equities, bonds, shares in collective investment funds, real estate, and other assets with easily accessible market values. For the remaining 30 percent—mostly shares in private businesses—valuation raises fewer problems than you might think. In the first place, shares in large private businesses—though not publicly listed—are regularly bought and sold. Even before Lyft and Uber went public in 2019, for instance, people could invest in the ride-sharing service companies. Private companies regularly issue new stock to banks, venture capitalists, wealthy individuals, and other “accredited investors” with sufficiently deep pockets. These transactions put a de facto value on private firms. In some cases, however, no transactions take place for years, especially for mature private businesses controlled by a small number of owners. For example, 90 percent of the agribusiness giant Cargill, the largest private company in the United States, is owned by 125 or so members of the Cargill and MacMillan families. Cargill shares were last transacted in 1992, when 17 percent of the company’s shares were sold for $700 million—thus valuing the entire firm at a bit more than $4 billion. Here is a striking case where taxing wealth might seem hopeless. What is the value of Cargill today, almost thirty years after this last share transaction? Isn’t any estimate fraught with countless risks of abuse? But in fact, taxing the Cargills and the MacMillans equitably is not impossible. To start with, the tax administration can take the 1992 Cargill valuation and update it based on any changes in the company’s profits since then. If the company makes three times more profits today, it is not unreasonable to believe it is worth about three times as much as in 1992. Of course, much more information ought to inform a reliable valuation. What sort of information? Data about Cargill’s direct competitors that are listed as public companies, such as Archer Daniels Midland and Bunge, for example. To better assess Cargill, the IRS can consider how much a dollar of earnings made by these firms is valued by the stock market. It can study how the price-to-earnings ratios of Archer Daniels Midland and Bunge have changed since 1992. Every day, hundreds of financial analysts value private firms in this, and more complex, ways. The United States, with its sophisticated financial markets, has no shortage of expertise in this area. Drawing on standard private sector practices, it would not be terribly complicated for the IRS to come up with a reasonable estimate of Cargill’s market value at the end of each year. But suppose that the MacMillans and Cargills feel cheated by the IRS—they complain that the IRS, out of an interest in generating tax revenue, over-estimates the value of their firm. Perhaps Cargill has fundamentally changed since 1992, in ways that state-of-the-art valuation techniques may fail to capture. Perhaps it has weaknesses that its competitors do not share. What is to be done?

### AT: Europe Examples

#### Europe examples are not applicable – the US context is categorically different

Saez and Zucman 19 [Emmanuel Saez, Professor of Economics at UC Berkeley and Director for the Center for Equitable Growth, and Gabriel Zucman, assistant Professor of Economics at UC Berkeley, 2019, “Progressive Wealth Taxation,” Brookings, https://www.brookings.edu/wp-content/uploads/2020/10/Saez-Zuchman-final-draft.pdf]/Kankee

However, the central point is that this “European context” is not a law of nature but results from policy choices (or non-choices). Other choices could lead to radically different outcomes in terms of tax evasion and tax competition. First, EU efforts at curbing offshore tax evasion have been weak. As shown, for example, by Johannesen and Zucman (2014), halfhearted tax enforcement efforts can be easily circumvented and end up having minimal effects on tax evasion. In contrast, the United States took a bold step toward enforcement in 2010 with FATCA, which imposes steep penalties on foreign financial institutions that fail to report accounts of U.S. residents to the U.S. tax authorities (Zucman 2015). It is possible to curb offshore tax evasion because such evasion is done through large and sophisticated financial institutions that keep records and know the ultimate owners of the accounts (even if such accounts are held through offshore shell corporations to make it more difficult for tax authorities to link the accounts to owners). As the recent leaks from HSBC, UBS, and the Panama Papers have shown, such financial institutions maintain the names of their clients. Such data can easily be linked to tax data.54 The multiplicity of leaks also shows that clients are at risk of seeing their accounts disclosed. FATCA follows the route of policing foreign financial institutions directly but with the difficulty that the U.S. tax authorities have less power to audit foreign financial institutions effectively than home financial institutions. Another route is to get foreign governments to share the information they can collect from their financial institutions. The second route is best in the long run but likely more difficult to establish, as it requires international cooperation.55 Second, the degree to which residential decisions of the wealthy are affected by taxation is also heavily dependent on policy. The EU is organized to foster such tax competition. Individual income and wealth taxation depends solely on current residence. Hence, when France had a progressive wealth tax before 2018, moving from Paris to London would immediately extinguish progressive wealth tax liability (except for domestic real estate assets). Contrast this with U.S. policy: U.S. citizens remain liable for U.S. income taxes for life and regardless of residence (but with full credit for foreign income taxes paid). The only way to escape the U.S. income tax is to renounce U.S. citizenship and even then, the United States imposes a substantial exit tax. The exit tax, formally known as the expatriation tax, is essentially a tax on all unrealized capital gains upon expatriation. It applies to high-income (incomes over $160,000) and high-wealth (wealth above $2 million) expatriates. It applies to citizens who renounce citizenship and also to long-term residents who end their U.S. resident tax status.56 While the EU and the United States are the two polar opposites along this tax competition dimension, midway solutions are possible and probably preferable.57 For example, movers could remain tax liable in their country of origin (but with full foreign tax credit) for a certain number of years (for example, five years). This would essentially negate the effects of special, often temporary schemes set up to attract high-income foreigners. While countries in the EU generally have bigger governments, more social spending, and more regulations than the United States, the EU superstructure actually promotes policies constraining subcentral governments more than in the United States. This is true for tax competition but also for government deficits and monetary policy. FAIRNESS Opposition to the wealth tax also arises from a feeling of unfairness: “the wealth tax aggravates millionaires without bothering billionaires.”58 The aggravated millionaires are taxpayers wealthy in illiquid assets (or at least wealthy enough to be above the exemption threshold) but poor in cash. As a result, such taxpayers feel the wealth tax as a heavy and unjust burden. In France, for example, some retired farmers on Île de Ré living on a small pension but owning very valuable land, due to the real estate boom for secondary residences, became liable for the wealth tax. In Denmark, there were complaints that owners of historical castles were liable for the wealth tax but had no income to pay it (Henrik Kleven, personal communication). The United States does not have a progressive wealth tax but has a long experience with real estate property taxes. The property tax also generates strong opposition when rapid tax appreciation leads to increasing property tax bills hitting people on fixed incomes (such as retirees or widows) hard.59 A classic complaint against the U.S. estate tax is that it can force the sale of family businesses or farms that have high market value but little in liquid assets. Obviously, to an economist, such complaints do not make sense, since wealth is by definition marketable, and credit markets are supposed to function well when there are collateral assets. But humans often do not behave as the standard, perfectly rational economic model predicts: people may not want to sell family estates or businesses or even borrow against them. Such behavioral effects have consequences and need to be taken into account for policymaking. Indeed, in practice, stories of aggravated millionaires can fuel successful lobbying against wealth taxation. This leads to three types of reforms of the wealth tax that undermine the integrity of the wealth tax. Limitations Based on Fiscal Income First, a number of countries have introduced tax limitations whereby the sum of the wealth tax and the income tax cannot exceed a certain percentage of total fiscal income. As we discussed above, this precisely defeats the main purpose of the wealth tax, as the ultrarich can find ways to report very low fiscal income relative to their true wealth or true income. As a result, this type of tax limitation ends up exempting billionaires. Base Erosion Second, special treatment is introduced for assets more likely to be illiquid, such as real estate assets and business assets. For example, the French and Spanish wealth taxes exempted business assets when the owner is substantially involved in the business. As mentioned above, when Spain exempted business assets from its wealth tax in 1994, top wealth holders were able to increase sharply the fraction of wealth held in the form of business assets, creating both efficiency costs and reducing the tax progressivity (Alvaredo and Saez 2009). In France, the very richest taxpayers were typically able to incorporate and deduct such assets from wealth taxation (Landais, Piketty, and Saez 2011). In the case of wealth taxation, exempting some asset classes is particularly damaging as marketable wealth can by definition be traded and hence converted into tax-exempt wealth.60 Nonmarket Values Third, a number of countries have also used nonmarket values for some asset classes such as real estate. As discussed in Piketty (2014, chapter 15), the early progressive wealth taxes in Prussia and Sweden used assessed values for real estate linked to the land/real estate registries (“cadastral values”) and typically not updated with market prices. However, with rapid inflation, such assessed values can quickly lag behind market prices. Spain for example, uses low assessed values for wealth tax purposes (Alvaredo and Saez 2009). While this can provide relief to some of the aggravated millionaires, in the long run this undermines the horizontal equity of the wealth tax. Indeed, the German wealth tax was repealed in 1997 following a ruling by the Constitutional Court that demanded equal taxation of all property. As U.S. states know, there is a tension between using market prices for real estate property taxes versus introducing property tax assessment limits. The use of market prices in a context of fast price increases led to the famous tax revolt Proposition 13 in California in 1978 that froze real estate assessment for property taxation to purchasing prices (with only a 2 percent annual adjustment). Four decades later, the property tax in California has huge horizontal inequities: longterm residents may pay one-tenth of what a new resident pays for identical homes. A number of U.S. states have also passed some form of property tax assessment limits, often following ballot initiatives. The cleanest solution to liquidity issues is to increase the exemption thresholds so that mere millionaires are not liable. This route was followed for the U.S. estate tax. The exemption was increased from $1 million in 2000 to $5 million in 2011. The main argument was that the “death tax” was also killing family businesses and family farms. With the higher exemption threshold, the estate tax is harder to repeal, as this argument is much harder to make. For example, the recent tax reform of the Trump administration, the Tax Cuts and Jobs Act, did not eliminate the estate tax even though this was an initial goal of the reform. Instead, the reform doubled the exemption level to $11.2 million (in 2018). The recent wealth tax proposal by Senator Warren also has a very high exemption level of $50 million—about fifty times higher than typical European progressive wealth taxes (OECD 2018). As a result, the policy debate on the proposal has not emphasized the issue of illiquid wealth and lack of cash.61 What lesson do we draw from the decline of progressive wealth taxes in Europe? First, history shows that wealth taxes are fragile. They can be undermined by tax limits, base erosion, and weak enforcement. When wealth taxes were repealed in Europe, it was primarily because policymakers took the view that tax competition and offshore tax evasion were a given, making a wealth tax too hard to enforce. This somewhat nihilistic view is, however, incorrect: tolerating tax competition and tax evasion is a policy choice. Developing policies to curb evasion and tax competition was hard for a single country in a context where until recently little was done to tame tax competition and offshore evasion at the EU level, but the U.S. context today is different. European wealth taxes were also undermined because of a poor policy response to complaints by merely rich taxpayers. Instead of increasing the exemption threshold, the responses eroded the base and created tax limitations that benefited billionaires the most. Drawing lessons from this experience, a U.S. wealth tax could avoid this pitfall.62 III.C. Enforcing a U.S. Wealth Tax

### AT: Trickle-Down Economics

#### Trickledown economics is nonsense

Abed et al. 23 [Dana Abed, Gender Rights and Justice Campaign Lead at Oxfam with a Master of Arts in Public Administration and Policy from the American University of Beirut, Carlos Brown, Senior Atlantic Fellow for Social and Economic Equity with a master’s degree in economics from El Colegio de México, Anthony Kamande, Inequality Policy and Research Advisor at Oxfam with a degree from the University of Embu, Max Lawson, head of inequality policy at Oxfam International, and Susana Ruiz, Global lead on Tax Justice for Oxfam, 01-2023, “Survival of the Richest How we must tax the super-rich now to fight inequality,” Oxfam International, https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621477/bp-survival-of-the-richest-160123-en.pdf]/Kankee

A low-tax joyride for the rich... Across all the taxes that mainly apply to the richest, the rates have been falling since the early 1980s. Meanwhile, the share of wealth going to the 1% has grown sharply. For several decades, the neoliberal argument behind such tax cuts for the super-rich and big corporations was that it would ‘trickle down’ and benefit society. Politicians and business leaders assured us that the wealthy would help create jobs, and spur investment and innovation that was in all our shared interests. The inequality explosion outlined in Chapter 1 starkly illustrates how flawed this theory is. Instead of using the benefits of low taxes to create jobs and investment, the wealthy have saved even more wealth for themselves. Promoting low taxation for the rich and big corporations has not always been at the top of the agenda. In fact, after the middle of the last century, very high taxation of wealthy people was the norm. For example, in the US, the top marginal rate of federal income tax was 91% from 1951 to 1963, the top inheritance tax rate stood at 77% until 1975, and the corporate tax rate averaged just above 50% during the 1950s and 1960s.122 Even as recently as 1980, the top marginal income tax rate on the richest was 70% in the US (at the federal level) and 60% in the UK.123 These high tax rates coincided with some of the most successful years of economic development in the US and Europe, and played a key role in funding the realization of basic rights such as access to education and healthcare for citizens, while keeping inequality in check. However, marginal tax rates that affect the richest have since plummeted – and not just in rich countries, but across much of the world. In Africa, the average marginal tax rate on the highest incomes has fallen from 38% to 31% over the last 25 years,124 and in Latin America it had fallen from 51% in the early 1980s to less than 27% by 2015.125

### AT: Politics/Elections

#### Wealth taxes are massively popular – history proves

Nichols 24 [John Nichols, national affairs correspondent for The Nation, 03-13-2024, "Biden Should Channel His Inner FDR and Soak the Rich", Nation, https://www.thenation.com/article/archive/biden-wealth-tax-2024/]/Kankee

As he prepared to seek a second presidential term in 1936, Franklin Delano Roosevelt introduced the Revenue Act of 1935, a plan to fund the New Deal by taxing the rich. The progressive tax plan came to be known as FDR’s “Wealth Tax,” because it went after up to 75 percent of the income of Americans who were making more than $1 million a year at a time when the great mass of Americans struggled to get by during the lingering Great Depression. Millionaires and their apologists decried Roosevelt’s “Soak the Rich” strategy. But the president signed the measure into law and campaigned on it in 1936. That was the election during which FDR famously told a crowd at Madison Square Garden that, during his first term: We had to struggle with the old enemies of peace—business and financial monopoly, speculation, reckless banking, class antagonism, sectionalism, war profiteering. They had begun to consider the Government of the United States as a mere appendage to their own affairs. We know now that Government by organized money is just as dangerous as Government by organized mob. Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hate for me—and I welcome their hatred. The millionaire class of his day did, indeed, hate FDR for his determination to tax them. But the voters loved the idea. Three days after the “I welcome their hatred” address, Roosevelt was reelected with more than 60 percent of the popular vote and 98 percent of the Electoral College. He won every state in the nation except Maine and Vermont. The landslide secured not just a place in the record books but also an epic mandate to govern with the boldness that the moment demanded. There were more factors in that sweeping victory than the wealth tax. But Roosevelt and his allies had no doubt that it helped to frame the message for an election that gave Democrats and left-wing Farmer-Laborites, Progressives, and independents who generally aligned with the president’s party more than three-quarters of the seats in the Senate and House. Now, 88 years later, Joe Biden is running for reelection with a budget plan that includes his own “Wealth Tax.” Under Biden’s proposed budget for Fiscal Year 2025, which was unveiled on Monday, billionaires would be required to pay at least 25 percent of their income in taxes because, as the White House puts it: Billionaires make their money in ways that are often taxed at lower rates than ordinary wage income, or sometimes not taxed at all, thanks to giant loopholes and tax preferences that disproportionately benefit the wealthiest taxpayers. As a result, many of these wealthy Americans are able pay an average income tax rate of just 8 percent on their full incomes—a lower rate than many firefighters or teachers. To finally address this glaring inequity, the President’s Budget includes a 25 percent minimum tax on the wealthiest 0.01 percent, those with wealth of more than $100 million. In addition, the Biden plan restores the top tax rate for the wealthiest Americans to 39.6 percent. When Republicans led by former President Donald Trump lowered that rate to 37 percent in 2017, they created a circumstance where, the White House explains, “This [Republican] rate cut alone is giving a couple with $2 million in annual taxable income a tax cut of more than $30,000 each year.” Needless to say, the Biden plan, though more modest than Roosevelt’s, is likely to be unpopular with the billionaire class, and its GOP allies in the current Congress. House Speaker Mike Johnson (R-La.) has already dismissed Biden’s budget, which also includes plans to make billion-dollar corporations pay their fair share, as “a road map to accelerate America’s decline.” So Biden won’t get to implement a “soak the rich” agenda before the election, as FDR did. But he’ll still get the hatred. And he should still embrace it. Johnson and the rest of the House Republican leadership team announced Monday, “The price tag of President Biden’s proposed budget is yet another glaring reminder of this Administration’s insatiable appetite for reckless spending and the Democrats’ disregard for fiscal responsibility.” As it turns out, Biden is the fiscally responsible candidate. His plan puts the tax burden where it belongs, raises needed revenue, and outlines an agenda for strengthening Social Security, Medicare, and Medicaid. Trump, on the other hand, responded on Monday to a CNBC question about Social Security and Medicare by saying, “There is a lot you can do in terms of entitlements in terms of cutting and in terms of also the theft and the bad management of entitlements, tremendous bad management of entitlements.” A Business Insider report on the Republican former president’s statement began, “Donald Trump on Monday handed President Joe Biden a gift while calling in to CNBC.” Biden accepted the gift gratefully, telling a New Hampshire crowd, “Even this morning, Donald Trump said cuts to Social Security and Medicare are on the table again. I’m never going to allow that to happen.” So the battle lines are drawn, and Biden’s got the advantage, if he leans into it. He should channel his inner FDR, welcome the hatred of the billionaire class, laugh off Johnson’s feeble complaints, and unapologetically announce that, if he wins reelection and gets a Congress he can work with, he will tax, tax, tax the rich. There’s no risk and everything to gain politically. According to a Navigator Research poll from last month, 79 percent of registered voters favor higher taxes on billionaires and corporations. Only 16 percent are opposed. Democrats favor wealth taxes on billionaires by a 94-2 margin, independents by a 78-15 margin, Republicans by a 63-30 margin. “Taxing the rich is extremely popular,” says Amy Hanauer, the executive director of the Institute on Taxation and Economic Policy. “It’s both good policy and good politics.” FDR knew that. And so, it appears, does Joe Biden.

#### Wealth taxes are popular

Yglesias 19 [Matthew Yglesias, Senior Correspondent for Vox with a BA in philosophy from Harvard, 2-4-2019, "Taxing the rich is extremely popular", Vox, https://www.vox.com/2019/2/4/18210370/warren-wealth-tax-poll]/Kankee

Americans are open to the idea of hiking the top marginal income tax rate back up to 70 percent, as Rep. Alexandria Ocasio-Cortez (D-NY) has suggested, and are positively enthusiastic about Sen. Elizabeth Warren’s proposal to institute a wealth tax on large fortunes, according to a new poll from Morning Consult. Their survey finds that higher marginal tax rates are favored by 45 percent of the public over 32 percent who say it’s a bad idea, while the wealth tax scores a crushing 60-21 victory that includes majority support from Republicans. An extended national debate would surely drive the wealth tax’s popularity down somewhat, especially with Republicans who would take cues from GOP leaders. But it’s also worth recalling that for all of President Trump’s purported obsession with pleasing his base and fulfilling his campaign promises, candidate Trump promised repeatedly not to enact a tax proposal that he would personally benefit from and claimed over and over again that he wanted to crack down on abusive loopholes used by hedge fund and private equity managers. What he actually did was deliver a regressive tax cut that contains special new loopholes he benefits from personally. Abstracting away from specifics, the Morning Consult poll shows that 57 percent of the public says the poor pay too much in taxes, 58 percent believe the same about the middle class, and while 63 percent say that rich people are paying too little. This suggests that the public opinion sweet spot is probably to soak the rich, and then use the revenue for things like a universal child allowance and an expansion of the earned income tax credit that would directly push cash into the hands of low- and middle-income families rather than necessarily paying for big new social services. Either way, however, the evidence is clear that despite the scandalized reaction to these ideas from television news personalities (who, not coincidentally, tend to be quite well off), the voters really want to see the rich paying higher taxes.

### AT: IRS Terrorism DA

#### Crypto and dark web circumvent taxman terrorist fighters

Haun et al. 18 [Amie L. Haun, Lecturer in Accounting, University of Tennessee with a MBA, Madison Gaither researcher with a BS in accounting at the University of Tennessee, and Joanie Sompayrac, Judith Finley Stone Alliance Professor of Accounting University of Tennessee with a JD, 12-2018, “The Role of Forensic Accounting in U.S. Counterterrorism Efforts,” Coastal Business Journal, https://digitalcommons.coastal.edu/cgi/viewcontent.cgi?article=1097&context=cbj]/Kankee

The Rise of Virtual Currency The rise of internet-based exchange is taking the global economy by storm, and financial technology, or “fintech,” is changing the way business is conducted around the world (Ducas & Wilner, 2017). Companies like PayPal and M-Pesa have already cashed in on facilitating online purchases and transfers, but these internet-based markets have yielded the creation of a new and uncertain phenomena: virtual currencies (He et al., 2016). The European Central Bank defines virtual currency “as a type of unregulated, digital money, which is issued and usually controlled by its developers, and used and accepted among the members of a specific virtual community” (“Virtual Currency Schemes 2012, p. 5). Bitcoin, the most popular virtual currency, was created in 2009 but only recently received international attention when the currency reached a peak price equivalent to $19,783.21 in December 2017 (Higgins, 2017). Benefits of Bitcoin and others include anonymity, timeliness, and lower transaction costs; however, the opportunity exists for criminals to exploit the use of virtual currency in committing fraud, laundering money, and financing terrorism (He et al., 2016). Individuals can obtain Bitcoins by accepting them as payment for goods or services, mining them through online networks, or purchasing them on an online exchange (Volastro, 2014). Virtual currencies are not regulated by any governing body, which opens the door for terrorists and terrorist sympathizers to circumvent U.S. money laundering laws (Ward, 2018). Both ISIS and the Mujahideen Shura Council announced the acceptance of Bitcoin donations in 2017 leading to an increase in virtual currency schemes globally (Ward, 2018). Additionally, Zoobia Shahnaz, a 27-year-old U.S. citizen born in Pakistan, was arrested in New York before boarding a plane to Syria in July 2017. She was charged with bank fraud and money laundering for allegedly using fraudulent credit cards to purchase Bitcoins to transfer to ISIS (Reuters Staff, 2017). If Shahnaz had obtained the virtual currency through legitimate means and then laundered those funds to ISIS, the crime would have been exponentially difficult for law enforcement to detect. The United States, United Kingdom, and the European Union are investigating and implementing policies to “crack down on… cryptocurrency” transactions (Ward, 2018). In May 2017, U.S. representatives Rice and Kilmer introduced HR2433, a bill that calls for a threat assessment by the Department of Homeland Security on virtual currencies and associated risks (Terletska, 2018). While the FBI recognizes the legality of Bitcoin transactions, agents have made numerous arrests for fraudulent transfers and unregistered users (“Virtual Ticket,” 2017). Still, the decentralized and anonymous nature of virtual currencies presents legal and technological challenges for the FBI, IRS, and DHS moving forward (He et al., 2016). The Dark Web Virtual currency donations that terrorists receive through their fundraising campaigns can be easily used to execute illegal transactions. In fact, Bitcoin and other virtual currencies have become the preferred payment method used on the dark web to purchase items including weapons, materials, and passports (Ward, 2018). For example, German authorities believe that Ali David Sonboly, the man responsible for the July 2016 shooting in Munich that killed nine civilians, obtained the firearm from Slovakia through the “dark net” (Bender & Alessi, 2016). While authorities determined Sonboly was acting alone in his attack, the organized efforts of groups like ISIS and Hamas could produce catastrophic destruction with resources obtained through untraceable purchases made on the dark web. Terrorism has also infiltrated social media and other legal websites leaving companies like Facebook, Twitter, and Google in an uncomfortable position between prioritizing the protection of users’ civil rights and national security concerns. The Impact on Forensic Accounting and Counterterrorism A major challenge facing the counterterrorism environment is the inability of the FBI and other government agencies to keep up with technological advancements like virtual currency transactions. James Comey, former Director of the FBI, stated, “Unfortunately, there is a real and growing gap between law enforcement’s legal authority to access digital information and its technical ability to do so. The FBI refers to this growing challenge as “Going Dark,” and it affects the spectrum of our work” (DOJ, 2017, p.2). Comey explains that criminals “who hide their crimes and identities behind layers of anonymizing technologies… [and] use virtual currencies to obscure their transactions” seriously limit the scope of FBI investigations (Ibid). This information gap within the Bureau necessitates 1) recruiting and retaining top global talent and 2) sharing information with other government agencies and private-sector businesses. Further research may be necessary to examine the integration of government databases into a single inter-agency data hub to exchange financial crime information. With rapid technological innovation, the United States will need forensic accountants more than ever. The automation of many accounting systems will increase demand for individuals trained in both accounting and computer science. While numerous data processing software exist to independently perform advanced financial analyses, forensic accountants will be needed to monitor these systems and interpret the results. Accountants understand the concepts and theories related to the underlying processes of accounting information systems and are more familiar with the nuances of cash flows. With financial industry knowledge, in addition to the soft and technical skills previously discussed, accountants can detect and correct errors in the information systems more quickly than non-accounting personnel. It is not feasible to examine every transaction, so forensic accountants will be needed to perform analytical functions to identify patterns and red flags in data sets (FBI Forensic Accountant, personal communication, February 8, 2017). It is often difficult to determine a materiality threshold when investigating terrorist financing; investigators cannot label everything as important, because then nothing is important (FBI Forensic Accountant, personal communication, February 8, 2017). Materiality is a matter of professional judgment and requires specific training and experience (Messier, Glover & Prawitt, 2016). While many processes like manufacturing, dining, and even grocery shopping have the ability to be automated, professional judgment driven by years of skill and experience cannot be programmed into an algorithm. LIMITATIONS AND CONCLUSION

#### Alt sources of terrorism, including criminal, funding outweigh money laundering

Haun et al. 18 [Amie L. Haun, Lecturer in Accounting, University of Tennessee with a MBA, Madison Gaither researcher with a BS in accounting at the University of Tennessee, and Joanie Sompayrac, Judith Finley Stone Alliance Professor of Accounting University of Tennessee with a JD, 12-2018, “The Role of Forensic Accounting in U.S. Counterterrorism Efforts,” Coastal Business Journal, https://digitalcommons.coastal.edu/cgi/viewcontent.cgi?article=1097&context=cbj]/Kankee

Obtaining and Laundering Funds Terrorist financing can come from external sources such as individual donations, businesses, governments or banking systems, while activities that generate cash within terrorist organizations can include drug and human trafficking, kidnapping, ransom, blackmail or credit card fraud (Levitt, 2002; Koh, 2006). Abu Sayyaf, a radical Islamist sect in the Philippines, obtained nearly $5.5 million by kidnapping citizens and demanding ransoms; the sect was able to expand their ranks from 200 to 3,000 individuals in the early 2000s and became the largest employer in many poor areas of the Philippines (Koh, 2006, p.12). Additionally, a 2003 joint FBI-DEA investigation resulted in the arrests of sixteen Afghan and Pakistani individuals involved in an extensive heroin operation. These individuals smuggled drugs into the U.S., and the profits were laundered by stateside businessmen who returned the funds to criminal counterparts in the Taliban and Al-Qaida (McCraw, 2003). Money laundering. Terrorist organizations are often tasked with transforming proceeds from illegal activities into useable assets (Chong & Lopez-de-Silanes, 2015). This process is known as money laundering, or “disguising… the existence, nature, source, control, beneficial ownership, location, and disposition of property derived from criminal activity” (ACFE, 2016). According to Choo (2009), there are three stages of money laundering: placement, integration and layering. The individuals place the assets in use, disguise the funds with legitimate income, and reinvest or redistribute the funds. For example, dirty money from a drug or weapons operation can be used to purchase prepaid cards or layered with other income from a legitimate business. Then, this pool of “legitimate” funds can be used to purchase materials necessary to continue illegitimate operations.

#### Other agencies matter more – the IRS is not a leading counterterror agency

Foley 16 [Frank Foley, Lecturer in International Relations at the department of War Studies at King’s College London, 05-20-2016, “Why inter-agency operations break down: US counterterrorism in comparative perspective,” European Journal of International Security, https://sci-hub.se/https://www.cambridge.org/core/journals/european-journal-of-international-security/article/abs/why-interagency-operations-break-down-us-counterterrorism-in-comparative-perspective/2275CD20CB2EC21B68CD5F07A72DAE44]/Kankee

Explaining levels of inter-agency coordination in the United States The next two sections will treat of the United States and Britain in turn, tracing how their divergent institutions and organisational routines have shaped the degree of inter-agency cooperation and conflict found in the two cases. In the US, significant coordination problems have affected intelligence work and operations against terrorism, according to several expert reports by organisations such as the Government Accountability Office, the Project on National Security Reform and the Bipartisan Policy Center (BPC).74 In a 2011 report, the BPC’s national security group, which is a follow-on from the 9/11 Commission, echoed a widely-held view when it identified an improvement in cooperation between the CIA and the military against terrorism. It cautioned, however, that ‘on the domestic side, there has been less unity of effort and much slower progress among multiple agencies’. 75 Such assessments are borne out when we examine the relationships between arguably the four most important agencies in US domestic counterterrorism: the FBI, DHS, DOD, and the NYPD. This section considers firstly the relationship between FBI and DHS; secondly, the FBI’s interaction with DOD (including the case of the 2009 Fort Hood shooting); and thirdly, the FBI’s coordination with the NYPD (including their prevention of the Najibullah Zazi-led plot to attack New York in 2009). It will also assess the significance of post-9/11 reforms and improvements to information-sharing among US agencies. The FBI’s prominence in the analysis reflects its role as the agency with lead responsibility in US domestic counterterrorism – but one that takes part in a complex set of relationships as several other organisations play an increasingly important role. FBI and DHS

#### Philanthropy reductions link turn terrorism – it helps remove funds from antisemitic non-profits that sponsor terrorism

Kaminsky 24 [Gabe Kaminsky, investigative reporter for the Washington Examiner and graduate of the University of Pittsburgh, 9-25-2024, "House asks IRS to pull tax-exempt status of terrorism-tied NGOs", Washington Examiner - Political News and Conservative Analysis About Congress, the President, and the Federal Government, https://www.washingtonexaminer.com/news/house/3165864/house-committee-irs-tax-exempt-status-anti-israel-groups/]/Kankee

A House committee overseeing the IRS is asking the agency to revoke the tax-exempt status of anti-Israel groups linked to Palestinian terrorism, citing multiple reports by the Washington Examiner. On Tuesday, Rep. Jason Smith (R-MO), House Ways and Means Committee chairman, sent letters to IRS Commissioner Daniel Werfel, sharing his panel’s research on terrorism-linked groups connected to anti-Israel protests in the United States. The House Republican has been investigating the entities cited in the letters on the heels of the Hamas-led Oct. 7 attack on Israel last year. “Tax-exempt status is a privilege, not a right, and in exchange, organizations must operate for stated exempt purposes,” Smith said in a statement. “The Ways and Means Committee will continue putting pressure on the Biden-Harris administration until it stands up to the pro-Hamas wing of the Democrat Party and puts a stop to this antisemitic and anti-American behavior once and for all.” Smith’s sprawling demand to the IRS focused on groups located in New York, Virginia, Arizona, California, and Texas, according to copies of the letters. The Missouri lawmaker sought to make the case to the IRS that the nonprofit organizations incited antisemitic riots on college campuses and in U.S. cities and that the groups share apparent ties to Hamas and the Popular Front for the Liberation of Palestine — another terrorist faction in the Middle East. One charity that Smith zeroed in on is the Arizona-based Alliance for Global Justice. A Washington Examiner investigation on its ties to the PFLP prompted payment processors to jump ship, left-wing donors to announce they would provide no future donations to AFGJ, and a demand from the Anti-Defamation League for the IRS to open an inquiry. AFGJ, which did not return a request for comment, houses an Israeli-designated terrorist group called the Samidoun Palestinian Prisoner Solidarity Network. The project shares close ties to the PFLP and Iran. AFGJ also helped fundraise in 2023 for a French group partnered with the PFLP, the Washington Examiner reported. “Samidoun’s designation as a terrorist organization associated with the PFLP does not further the Alliance’s stated tax-exempt purpose,” Smith told the IRS. “The European Union, Israel, and major credit card companies have recognized Samidoun and the Alliance for what they are, yet tax-exempt dollars continue to flow to the Alliance and ultimately to Samidoun. This must stop.” Smith also called on the IRS to revoke the tax-exempt status of the People’s Forum, a New York-based charity, over its ties to violent anti-Israel protests in the U.S. The Republican’s letter on the charity included a November 2023 report from the Washington Examiner on its sympathies for Hamas and ties to a “Chinese propaganda” influence operation. The IRS, Smith said in the letters, should also revoke the tax-exempt status of Americans for Justice in Palestine Educational Foundation, a group sponsoring American Muslims for Palestine. Smith’s letter on AMP cited a July Washington Examiner report in which AMP was ordered by a Virginia court to turn over financial information. Through personnel, AMP has ties to Hamas and the Holy Land Foundation, a group shuttered by the U.S. government for funding Hamas, Smith said. AMP is closely affiliated with Students for Justice in Palestine, a group sponsored by the WESPAC Foundation in New York. WESPAC also sponsors anti-Israel groups such as Within Our Lifetime, the U.S. Palestinian Community Network, and the Palestinian Youth Movement. The foundation should see its tax-exempt status revoked, said Smith.

### AT: Farms

#### Taxing unrealized capital gains doesn’t impact most farmers – they’re not billionaires and tax law have exemptions

Buffie and Lord [Nick Buffie, policy analyst specializing in federal fiscal policy on the Economic Policy team at the Center for American Progress, and Bob Lord, associate fellow at the Institute for Policy Studies and tax counsel for Americans for Tax Fairness, 4-20-2021, "The American Families Plan Taxes Billionaires and Protects Family Farms and Businesses", Center for American Progress, https://www.americanprogress.org/article/american-families-plan-taxes-billionaires-protecting-family-farms-businesses/]/Kankee

In recent months, reporting by ProPublica confirmed that some of the wealthiest billionaires in the United States are paying virtually no income tax on the incredible gains in their fortunes.1 Worse, a massive loophole in the tax code allows these billionaires and other wealthy Americans to escape income tax on their gains for their entire lifetimes—even as regular Americans pay income tax on every paycheck. To pay for the transformative investments in his Build Back Better agenda, President Joe Biden has proposed tax reforms to close a capital gains loophole favoring the wealthiest Americans. This change is the most important way that Biden’s plan combats the tax code’s preferential treatment of income from wealth over income from work. Under the American Families Plan (AFP), only a small fraction of Americans—those with very large untaxed gains—would be affected, mainly because the plan exempts the first $1 million of untaxed gains per person.2 And while critics of the president’s plan have argued that it would harm family farms and businesses, these claims are unfounded. As this issue brief explains, many of these claims are based on flawed studies, including some that do not even analyze the actual Biden proposal. The fact is that under the AFP, the vast majority of Americans—including family farmers and small-business owners—would be exempt from new taxes, since the proposal is targeted at those with large untaxed gains. Moreover, the proposal includes special protections for owners of family farms and businesses who plan to keep their enterprises in the family. Because of these protections, critics’ harshest claim—that the Biden plan would force families to sell their farms and businesses, thereby preventing transfers from one generation to the next—is simply not true. The AFP closes a loophole that allows huge fortunes to permanently escape income tax To support vital public investments, President Biden’s plan would raise $3.6 trillion in revenue from high-income Americans and corporations over the next decade, including nearly $350 billion from reforming the taxation of capital gains.3 Capital gains are the growth in the value of assets between when they are bought and when they are sold. Because of the extreme concentration of wealth in the United States, capital gains accrue overwhelmingly to the very rich. According to data from the Congressional Budget Office, households in the top 1 percent of the income distribution collect nearly $486,000 per year on average in realized capital gains; those in the bottom 20 percent make just $67.4 Central to President Biden’s tax reform is his proposal to repeal the stepped-up basis loophole—which shields these types of gains from income tax—while protecting the savings of ordinary Americans. Stepped-up basis is one of multiple ways that capital gains receive favorable tax treatment. Under the existing tax code, gains on assets are generally not taxed until they are sold. If a wealthy person buys stock for $1 million and it rises in value to $11 million, they do not owe any tax as long as they hold the asset—even though they have become $10 million wealthier.5 If the person sells the asset, they would realize a $10 million gain and include that amount in their taxable income. Assuming the person has held the asset for more than one year, the gain would be taxed at the rates for long-term capital gains, which are significantly lower than those for other forms of income.6 Though the asset value grew over years, the tax is deferred until sale and is subject to much lower rates when it is taxed. By contrast, income derived from labor—such as wages—is generally taxed as it is earned and is subject to ordinary rates. Moreover, stepped-up basis allows gains on assets to permanently escape income tax if the owner never sells the asset during their lifetime. If an individual holds an asset until their death, the gain is simply erased at that time. No one—neither the decedent nor their heirs—pays any income tax on the gain accrued during the decedent’s life. As the ProPublica reporting illustrates, the wealthiest billionaires in the country pay hardly any income tax from year to year because they often sell little to none of their stock holdings.7 This means that some of the largest fortunes in human history will permanently escape income tax if Congress fails to change the revenue code before these billionaires pass their fortunes to their heirs.8 Biden’s tax reforms only affect a tiny share of Americans The AFP does not repeal the stepped-up basis loophole entirely. Under the plan, up to $1 million in untaxed gains per person—$2 million per couple—would still be exempt from taxation. This would come on top of other capital gains carveouts, including the exemption of $250,000 of gain on home sales—$500,000 for couples—and the exclusion of sales of qualified small-business stock.9 Unsurprisingly, very few people would be affected by these tax hikes. Robert McClelland of the Tax Policy Center estimates that a miniscule 3 percent of households have unrealized capital gains greater than $1 million per person.10 Above the exemption levels, President Biden’s plan would repeal stepped-up basis by counting gifts and bequests of appreciated assets as realization events, requiring the original owner to include the appreciation of the asset in their taxable income. In the case of a bequest, this would fall on a decedent’s final income tax return.11 Taxes on liquid assets such as stocks would be due that year, but taxes on nonliquid assets such as farms and businesses could be paid over 15 years.12 Moreover, the AFP allows heirs of family-owned farms and businesses to defer taxes indefinitely so long as the farms or businesses continue to be owned and operated by members of the family. Taxes are only owed on the original owner’s gain when the enterprise is sold or is no longer operated by the family.13 For this reason, no one inheriting and operating a family farm or business would be forced to sell it for the purpose of paying new taxes under the Biden plan.14 Critics of the AFP ignore its specific protections for family farms and businesses President Biden’s proposals to tax the rich are overwhelmingly popular.15 Consequently, the president’s critics have been hesitant to attack his plan directly. For example, a recent CNBC profile of the business lobbying group America’s Job Creators for a Strong Recovery (ACJSR) noted the following: The coalition [ACJSR] aims to turn the narrative away from a debate about taxing the rich and the biggest corporations to pay for roads and bridges. The organizers themselves acknowledge that that rhetorical battleground leans strongly in Democrats’ favor in public opinion polls.16 ACJSR has instead mischaracterized President Biden’s plan as a tax hike on families. Eric Hoplin, one of the group’s leaders, claimed that the Biden proposal would “enact record high taxes on America’s individually and family-owned businesses,” a phrase ACJSR has reiterated in multiple outlets.17 Other groups have similarly accused the AFP of harming family farmers.18 An article in the Northern Ag Network paraphrased Sen. Steve Daines (R-MT) as saying that the president’s plan would “destroy the generational handoff of farms and ranches.”19 Daines also said that “[t]he only way Montana farmers and ranchers could get through this, would be to sell off part or even all of the family farm or ranch.”20 Daines’ quote implies that income tax would be due on family-owned farms or ranches when they are handed down to another generation. But that is not true, for two reasons. First, most family farm and ranch owners would fall well under the exemption thresholds in the AFP. And second, even those with more than $2 million of gain will be able to defer their income taxes indefinitely so long as their farm or business continues to be owned and operated by members of their family.21 Critics of the AFP cite misleading and flawed studies To make these tenuous assertions appear valid, President Biden’s critics have cited two studies: one from the Agricultural and Food Policy Center (AFPC) at Texas A&M University and another from the accounting firm EY, formerly known as Ernst & Young.22 Both studies dramatically overstate the impact on family farmers and business owners from repealing stepped-up basis, and neither directly examines the Biden plan. Nonetheless, the studies have gained attention because of the novelty of their conclusions, which greatly exceeds the strength of their evidence. The AFPC study

#### Small farms are not key to the food supply and are inviable for large scale production

Thomas 24 [Kathleen DeLaney Thomas, George R. Ward Term Professor of Law, University of North Carolina School of Law, 03-19-2024, “Tax and the Myth of the Family Farm,” SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract\_id=4732981]/Kankee

2. Most Farmers are Wealthy Given that most farms are family farms, it is next worth examining how well off, or not, these family farms are. The USDA summarizes the economic state of farmers as follows: “In general, farm households are neither low-income nor low-wealth.” Indeed, average income for farmers in the United States is above the national median, with midsize and large family farms earning significantly above the national median.60 Family farms have average wealth above the national median as well, with the principal source of their wealth being their land.61 In dollar values, the average farm household has farm assets worth $1 million. 62 On the other hand, very few farms are truly “poor” when looking at the numbers; only two percent of farm households are below the national median in both income and wealth.63 In a recent book, agricultural journalist Sarah Mock explored the economics of family farms in the United States to understand “the ideal of a modern small family farmer.” 64 Noting that many of “those ‘large, industrialized’ or ‘corporate farms’ that we love to hate identify as ‘small family farms,’” Mock concludes that “after years of searching, I found no farms that truly met the spirit of the small family farm dream.”65 Mock’s exploration of U.S. farms first reveals that farms most people would consider truly “small”— those owning a relatively small number of acres and selling produce at farmer’s markets—are essentially hobbies.66 For the most part, such farms are run by people with another primary occupation or with enough wealth to not need a primary occupation.67 The reason for this is that farms generally need to operate on a large scale to achieve financial success.68 The costs of owning or renting land, providing labor, and acquiring machinery, among other expenses, are just too great and the cost of food is too low to make truly small-scale farming a viable business in the United States.69 So, when we picture a quaint farm producing just a handful of crops sold at local markets, we are not picturing America’s fulltime farmers.70 The true fulltime farmers—those producing most of our nation’s agricultural products and who make their entire living off farming— typically own massive amounts of acreage and operate on a large scale.71 Again, this is because the economics of farming are such that only at a large scale, particularly by producing commodities like corn and soybeans in massive quantities, are farms truly profitable.72 Mock next explores whether the idea that farmers are “cash poor”, that is, having relatively small amounts of liquid income, is valid and how this relates to overall wealth of farm households.73 First, it should be repeated that many farms are not low-income farms, but rather, firms that operate at efficient scale (ones that aren’t hobbies or secondary jobs) often produce above-average levels of income.74 Further, farmers who generate “low income” (that is, relatively low net cash flow after expenses) often hold significantly valuable assets, making them wealthy even if they are low on cash. Mock observes: The appearance of poverty is used to mask the reality of immense private wealth. In fact, America’s 897,400,000 acres of privately held farmland, at an average price of $3,160 per acre, are worth nearly three trillion dollars. This helps us make sense of the fact that today the average American farmer is a millionaire (citations omitted).75

#### Wealth taxes have no impact on farms

Thomas 24 [Kathleen DeLaney Thomas, George R. Ward Term Professor of Law, University of North Carolina School of Law, 03-19-2024, “Tax and the Myth of the Family Farm,” SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract\_id=4732981]/Kankee

Scholars have recognized that, based on opposition to the estate tax, opponents of wealth taxes are likely to rely on family farms as an important symbol of opposition.202 Reactions to recent proposals to tax the wealthy bear this out. For example, an op-ed written in response to the Billionaire Minimum Income Tax proposal laments, “[T]he tax doesn’t just levy a 20 percent tax on income but applies to unrealized gains on every asset belonging to the household as well—be it a business, farm, a patent, retirement, or other investment. That is why nationally, farmers and ranchers are opposing this tax, and why I want rural Nevadans to know about this proposal.”203 (Note, the author incorrectly characterizes the scope of proposed tax, which applies only to liquid securities—not real estate or other farm assets.) Like the estate tax in its current form, along with recent proposals to repeal the step-up in basis, there is virtually no risk that a wealth tax, or similar tax on unrealized gain, would have any measurable impact on family farms. The wealth tax proposals floated by Senators Warren and Sanders apply at such high thresholds (in the tens of millions of dollars of net worth) that the vast majority of farms would not meet the threshold. And given the direction proposals to repeal section 1014 have taken (which are decidedly more modest than a wealth tax), it is almost unimaginable that any politically viable wealth tax would not contain an explicit carveout for either all real estate or for farms.204 Further, recent proposals to tax unrealized gains, such as the Billionaire Minimum Income Tax, have avoided the farm issue altogether by applying only to liquid assets like securities. III. Meaning Behind the Myth

#### Reject neg farms evidence – its Republican anti-tax propaganda

Thomas 24 [Kathleen DeLaney Thomas, George R. Ward Term Professor of Law, University of North Carolina School of Law, 03-19-2024, “Tax and the Myth of the Family Farm,” SSRN, https://papers.ssrn.com/sol3/papers.cfm?abstract\_id=4732981]/Kankee

The estate tax reforms of the 1970s and early 1980s involved smaller, concentrated interest groups appealing to Congress to consider the impact of the tax on family farms. These appeals were successful in narrowing the reach of the estate tax and reducing its impact on farms through changes to the valuation rules. However, in the late 1990s and early 2000s, reform advocates continued the emphasis on family farms, although on a significantly broader scale. This time around, reform advocates had a more ambitious goal in mind: a complete repeal of the estate tax.34 As chronicled by scholars Michael Graetz and Ian Shapiro in their book, Death By A Thousand Cuts, the 1990s and early 2000s ushered in a powerful movement that united a number of interests, including: “Republican antitax philosophers, activists, and legislators, who regard all progressive taxation as morally obnoxious and economically destructive.”35 Graetz and Shapiro document a remarkable effort by these anti-tax crusaders to not only sway Congress, but to convince the broader American public to support estate tax repeal.36 This latter accomplishment – swaying public opinion—is particularly noteworthy because only a small minority of the richest taxpayers were even subject to the estate tax.37 Thus, one might think the public would generally support a tax that both raised revenue and generally did not impact them, but this turned out to be a miscalculation by supporters of the estate tax.38 The years long effort to erode support for the estate tax described by Graetz and Shapiro culminated with stunning (albeit temporary) legislation to repeal the tax altogether in 2001.39 How were these organized anti-tax groups able to successfully sway public opinion with respect to a tax that, for the most part, they would never pay and could only benefit them? Here, again, the family farm (along with other small businesses) took center stage. According to Graetz and Shapiro, a critical piece of the repeal strategy was creating a compelling narrative for the American public, one that was sympathetic, salient, and easy to understand.40 Strategists quickly saw that farmers were an easy group to relate to and sympathize with because they espouse important American cultural values of “asceticism, thrift, and hard work.”41 Understanding that voters were likely feel an emotional connection to the plight of a farmer, estate tax opponents publicized detailed stories of specific farmers. One such publication that was widely cited was entitled “Death Tax Devastation: Horror Stories from Middle Class America” and told three different “family farm horror stories” about specific farms that would potentially have to be sold upon the owner’s death if the estate tax was levied. 42 (Note, in another savvy maneuver, estate tax opponents had relabeled the tax the “death tax.”43) Many other members of the estate tax repeal effort similarly “sought sad stories about families whose breadwinner had died and who were struggling to keep their small businesses, farms, or ranches from being sold to pay the death tax.”44 While progressives were trying to convince voters that, statistically speaking, they were unlikely to ever pay the estate tax, the anti-tax movement had taken a more successful tack. Graetz and Shapiro summed up the strategy as follows: Pursuing death tax repeal in a narrative rather than scientific vein had the great advantage of short-circuiting complexity…. If economic debates are transformed into a storytelling endeavor, the target audience moves into a comfortable zone where the storyteller simply has to provide an issue they can relate to and values they embrace—not economic arguments they must struggle to understand.45 In sum, the idea of the family farm emerged in the 1970s as an important interest to be protected against the estate tax, resulting in meaningful yet relatively modest changes to the estate tax in the 1970s and 1980s. Capitalizing on that earlier success, estate tax opponents seized on the family farm as their “poster child” as part of a bigger movement to repeal the estate tax altogether in 2001.46 This powerful anti-tax movement cemented the family farm as a main character in tax policy discourse going forward, which has continued today.47 So here begins the myth of the family farmer in tax policy: the family farmer is cash poor but holds valuable land. The estate tax would unfairly subject the farmer to a tax bill that they could not fund with income from farming nor with debt, leaving them forced to sell off their family farm to pay the tax. What, if any, truth underlies this story? Uncovering the myth of the family farm requires understanding who the family farmer is. What does it mean to be a family farm? Are family farms wealthy or poor? Do they pay taxes? The next Section explores the first layer of this myth: what is a family farm? This Section will then discuss how family farms are taxed under current law as well as summarize the economics of farming. B. Who are the Family Farmers?

#### Rich ownership of farmland prices out new farm creation and forces leasing

Scrimgeour 23 [Guthrie Scrimgeour, investigative journalist with a bachelor’s degree in international relations and politics from Carnegie Mellon University, 6-25-2023, "Agricultural Land Is Becoming an Investment Vehicle for the Rich", Jacobin, https://jacobin.com/2023/06/agriculture-property-tax-break-use-value-assessment-superrich-mark-zuckerberg-investment]/Kankee

Trickle-Down Tax Breaks Mark Zuckerberg doesn’t spend much time baling hay and tilling fields, of course. Large landowners generally lease part of their land to actual farmers or ranchers, whose work makes them eligible for tax break programs. About 40 percent of all agricultural land, and a majority of cropland, in the United States is rented, according to a 2014 survey. While agricultural tax breaks can certainly make life easier for the people that actually own their land, for the many farmers who lease land from agricultural landlords, the benefits are less clear. Kauai leasehold rancher and county council member Billy DeCosta said that margins for leasehold farmers are tight, and rents on ranchland have been increasing locally. “You’re paying 150 dollars (in rent) on three acres, and you can sell a cow for 500 dollars — you’re basically making 350 dollars,” he said. “But that’s not including your medicine, your tags, your branding, your feed, your vaccines. The profit margin is not that great.” These leasehold farmers will become more common in coming years as agricultural land gains popularity as an investment vehicle for corporations and billionaires. Big investors began taking interest in farmland in the early 2000s, and it became a particularly valuable asset in the wake of the 2008 financial crisis, as the wealthy scrambled for safe places to stash their money. Agricultural land is sought for its stability and steady increase in value, along with the fact that, due to climate change, it is projected to become increasingly scarce this century. That agricultural property taxes can be next to nothing certainly contributes to the appeal. Bill Gates began buying up big tracts of land in 2013, and is now the largest owner of farmland in the country, with 270,000 acres. Other billionaires like Bezos, Buffet, and Ted Turner are in on the game as well, each controlling thousands of acres. Though land held by investors doesn’t yet make up a huge percentage of total agricultural land, the amount of investor-owned land has certainly been growing — to the extent that young farmers looking to buy land are being priced out of the market. Part of the rationale for preferential tax treatment of agricultural land is the hope that tax savings will trickle down to leasehold farmers in the form of lower rents. Does this pan out? Maybe, sometimes. There is no public oversight on those decisions. Asked about the tax break last year, a Zuckerberg representative pointed to the hundreds of thousands of dollars he does pay in property taxes, his efforts at conservation, and the tens of millions of dollars he has donated to various charities on the island. It’s true that Zuckerberg’s local donations are probably worth more money than the island could realistically make by fully taxing his property. But relying on charity is an unreliable and undemocratic way of funding social goods and services. More important than the total dollar amount is clawing local funding decisions back from private interests and into the public domain. Whether to fund housing or education or support leasehold farmers are choices that should be made by the people, not millionaires and billionaires that happen to own land.

### AT: Libertarianism/Nozick Framework

#### Nozickism is a load of rubbish

Bader and Meadowcroft 12 [Ralf M. Bader, professor of philosophy at the Université de Fribourg in Switzerland, and John Meadowcroft, Senior Lecturer in Public Policy and Head of the Department of Political Economy at King's College London, 10-03-2012, "Review of The Cambridge Companion to Nozick's Anarchy, State, and Utopia", Notre Dame Philosophical Reviews, https://ndpr.nd.edu/reviews/the-cambridge-companion-to-nozick-s-anarchy-state-and-utopia/]/Kankee

Property Rights As one might expect, Nozick's theory of property rights is the subject about which there is probably the greatest contention among the contributors to this volume. Ultimately, though, all the authors endorse a notion of property rights that is far less absolute in one way or another than that proposed by Nozick. Otsuka and Vallentyne, as left-libertarians, largely leave Nozick's endorsement of self-ownership unchallenged, but both are much more critical of his claims regarding ownership of external objects. Vallentyne, in particular, does a thoughtful and thorough job in locating Nozick's position in conceptual space, and showing the many points where he assumes one extreme position in that space without arguing against (or, apparently, even recognizing the possibility of) nearby others. In the context of his discussion of original appropriation, for instance, Nozick fails to explain why labor mixing should not entitle individuals only to the added value their labor produces, rather than to the entire product (160). Such a principle would seem to undermine individuals' claims to ownership of the land as such, thus leading toward a system more akin to that advocated in the early twentieth century by Henry George, and by so-called "geo-libertarians" today. Barbara Fried is even more critical of Nozick's theory of property rights, arguing, essentially, that he doesn't actually have one. At least, not one that he applies consistently throughout ASU as a whole. At times, Fried writes, Nozick argues like a Lockean Libertarian. But at other points his theory of property rights seems to vacillate between "anything goes" and some kind of utilitarianism (252-253). The underlying problem, according to Fried, is the indeterminacy of basic libertarian principles. Those principles can give plausible and determinate answers if we limit our inquiry to questions like whether compulsory eyeball transplants should be performed for the benefit of the blind. But beyond these simple cases, Fried thinks, the Nozickian project is "hopeless" -- an "analytic train wreck" (236). She elaborates: In Nozick's optimistic view, once we exclude the clear cases where I have an unfettered right to do X and the equally clear cases where I have no right to do X, almost no details remain to be filled in . . . But in reality almost everything remains to be filled in. The details fill volumes and volumes of civil-law statutes and court decisions in contracts, torts, real property, intellectual property, trusts and estates, civil procedure, corporations, debtor/creditor law, environmental law - the list goes on and on. (249) The problem isn't just Nozick's. Any deontological theory faces similar problems, on Fried's view. But it is not clear that Fried has actually given us reason to reject deontology in favor of utilitarianism. There is a difference between saying that the evaluation of consequences plays an important role in morality, and saying (as the utilitarian does) that consequences are the only thing that matter. Fried seems to see Nozick's occasional appeal to consequences and context as a betrayal of libertarian principles. But it's hard to find a contemporary or historical example of libertarian thought in which consequences don't matter in some important way, even in the natural rights tradition. The standard of libertarian purity against which Fried judges Nozick to have failed seems to be largely a product of her own construction. The Framework for Utopia

### AT: Innovation

#### Wealth taxes don’t harm innovation – US is large and has citizenship based taxes

Saez and Zucman 19 [Emmanuel Saez, Professor of Economics at UC Berkeley and Director for the Center for Equitable Growth, and Gabriel Zucman, assistant Professor of Economics at UC Berkeley, 2019, “Progressive Wealth Taxation,” Brookings, https://www.brookings.edu/wp-content/uploads/2020/10/Saez-Zuchman-final-draft.pdf]/Kankee

There is, however, a larger body of work on the effects of business income taxation on entrepreneurship.77 There is clear evidence that credit constraints affect entrepreneurship. For example, inheriting wealth increases the likelihood to become an entrepreneur (Holtz-Eakin, Joulfaian, and Rosen 1994). But a wealth tax with a high exemption threshold by definition spares the credit constrained. There is also evidence that innovators move to avoid taxation. Akcigit, Baslandze, and Stantcheva (2016) find that superstar top 1 percent inventors are significantly affected by top tax rates when deciding in which country to locate. Akcigit and others (2018) exploit variation in state tax policies and find that higher personal and corporate income taxes negatively affect the quantity and quality of inventive activity and shift its location. Business stealing from one state to another is important but does not account for all of the effect. Both papers also find that concentrated activity due to agglomeration effects dampens the effects of taxes on location choices. This suggests that a wealth tax in a large country with worldwide taxation based on citizenship like the United States is likely to have much smaller effects than a wealth tax in a small jurisdiction with residency-based taxation (such as a state or a small European country). It is harder to evaluate whether high taxes on success (such as a wealth tax) would discourage young innovators to start with. The literature has found conflicting results on the effect of progressive income taxes on risk taking; for example, Gentry and Hubbard (2005) find negative effects while Cullen and Gordon (2007) find the reverse.78 Therefore, more empirical and well-identified research is needed to resolve this key question. To foster innovation, it is key to encourage young—and not yet wealthy— people to become entrepreneurs. Bell and others (2019a) have shown that exposure to innovation during childhood has significant causal effects on children’s propensities to become innovators themselves later in life. Building on these results, Bell and others (2019b) present a stylized model of inventor career choice. The model predicts that financial incentives, such as top income tax reductions, have limited potential to increase aggregate innovation in a standard intertemporal expected utility model. In contrast, increasing exposure to innovation (for example, through mentorship programs) could have substantial impacts on innovation by drawing individuals who produce high-impact inventions into the innovation pipeline. Established businesses typically devote a lot of their resources to protect their dominant positions by fighting new competition. A progressive wealth tax hits wealthy owners who have already established their businesses, while it does not immediately affect emerging businesses. Other policies, like antitrust, should also play a major role in leveling the playing field. Large businesses with diluted ownership can also be anticompetitive (even if the rents accrue to a large number of middle-class owners rather than a few superwealthy owners). Antitrust was typically thought of as a market efficiency policy blind to distributional considerations. In practice, monopoly rents are concentrated at the top of the wealth distribution, and therefore the bad distributional consequences of monopoly power are likely more important than the efficiency consequences. The antitrust movement of the early twentieth century was famously fueled by anger at the robber barons. IV.E. Charitable Giving

#### No brain drain - case studies prove.

Hildyard 24 [Luke Hildyard, Director of the High Pay Centre with a MA from King’s College London, 2024, “Enough Why It’s Time to Abolish the Super-Rich,” JSTOR, https://www.jstor.org/stable/jj.12865309]/Kankee

For bankers, lawyers, other high-earning professionals or entrepreneurs starting their own businesses, the risk of relocation is similarly overstated. Looking at the UK as a case study, while the finance sector and related industries in Britain undoubtedly draw on an international workforce, the reasons for the sector’s strength and the UK’s attractiveness as a business destination to which companies recruit overseas workers are numerous. These include the (hitherto) stable political and economic environment; the expertise and infrastructure relating to finance and related professions in the City of London; the English language, which is the international language of business, and widely spoken as a second language, enabling foreigners to settle more easily; and a location in a time zone between both Asia and North America making it easier to do business with both markets over the course of a working day. It would be deeply irresponsible for any business to ignore these factors in favour of relocating somewhere where they can pay their top staff even more (at a considerable cost to the business). The suggestion that these strengths would disappear if Britain adopted a braver approach to tackling extreme concentrations of income and wealth, and that the supposedly critical highly skilled workforce would flee overseas reflects a lack of confidence in the country, a lack of patriotism even, and should not be uncritically accepted. Higher taxes don’t necessarily drive the super-rich **overseas**. The contention that the mobility of the super-rich and their sensitivity to efforts to reduce their vast incomes and wealth is overstated is also borne out by much of the research on taxation. A 2020 summary of historic research into the effects of tax policy on migration, concluded that while a number of studies confirm evidence of rich people making location decisions based on tax considerations, this is subject to important caveats. Firstly, most research is concentrated on particular professions or geographies.8 The authors observed that there was not systematic evidence that tax rates have a consistent impact on the location decisions of rich people generally. Indeed, there are many examples of efforts to tax the super-rich more effectively that have been successfully implemented without the predicted negative consequences. When the UK reformed taxes on non-domiciled (non-dom) residents, meaning non-doms who had been in the UK for over 15 years would now have to pay taxes on overseas income, regardless of whether they brought it into the country, the proportion of those affected who chose to emigrate was estimated to be less than 5 per cent – a tiny number considering their post tax income declined by 18 per cent on average.9 While the rates of millionaires and billionaires leaving Norway did increase significantly in response to a wealth tax increase in 2022, the rate of exit would need to have been 15 times higher than it actually was to have offset the increased revenue for public services that the tax increase achieved.10 Second, the 2020 analysis also found evidence that taxation is only one of a number of drivers of where rich people choose to live. Higher top rates of income tax across 12 high income economies cited in the analysis had no positive correlation with lower numbers of high earning foreign workers in the country, suggesting that high tax rates are not incompatible with attracting and retaining highly-skilled migrants. As a determinant of location decisions, tax considerations are dominated by other factors like the quality of infrastructure and public services; or recreation and leisure opportunities. This is not a particularly surprising finding. Perhaps the single, defining characteristic of the super-rich is that they can afford not to have to make decisions based on cost. Just as they choose to shop in Harrods or Fortnum & Mason and drive a Ferrari or a Bentley, even though they could fulfil their nutritional needs more cost effectively at Aldi or Lidl and travel from A to B just as efficiently in a Nissan Micra, so they choose to live in Paris, London or New York even though rural Bulgaria would be cheaper. It might even be the case that higher rates of tax on the super-rich and the broader improvements to public services and facilities that they could fund would make a country more desirable to affluent people. As we have shown in previous chapters, those at the very top could still maintain a very high standard of living even if they paid a bit more in tax. It would hardly be surprising, therefore, if many were willing to do so in order to live in a cleaner, healthier, happier, more prosperous and stable society. The risk of losing tax and investment overseas can be significantly mitigated

#### Wealth taxes don’t discourage startups and encourage reinvestment to maintain lost wealth from taxes

UC Berkeley 20 [UC Berkeley Economic Review, Berkeley's premier undergraduate, peer-reviewed, academic economics journal, 4-15-2020, "The Wealth Tax: Pipe Dream or Path to Justice?", Econ Eeview, https://econreview.studentorg.berkeley.edu/the-wealth-tax-pipe-dream-or-path-to-justice/]/Kankee

There are a few arguments against this. It is indeed important to make the distinction with poverty, especially in developing countries, but taxing extremely high-earning individuals may provide the much-needed resources for poverty relief and other programs the government does not currently have funds to initiate. Furthermore, Saez and Zucman have speculated that “since 1980, the incomes of the bottom half of the US population have essentially stagnated in real terms. Half of the population has been shut off from economic growth.” As to whether Saez and Zucman’s wealth tax would really disincentivize innovation, that seems unlikely because this tax would only affect those holding wealth above 50 million dollars, an extremely small portion of society. It is unlikely that people would be disincentivized from launching new startups, for instance, if they saw that billionaires had to pay higher taxes to the government. Furthermore, as Zucman stated in a tweet directed at Bill Gates, who is currently worth an estimated $106 billion: “If the wealth tax had been in effect since 1982, Gates would still have $13.9 billion left over,” while “Buffett would still have $10.4 billion leftover, rather than the approximate $88 billion that he has today.” There would still be plenty of room and opportunity for philanthropy, and they would certainly still have inordinate amounts of wealth. Further, although it is undeniable that private charity exists, like the notable work of the Gates Foundation, it is questionable how representative that is of all billionaires’ philanthropy and whether private charity will ever be enough to replace government functions. Bill Gates himself has stated that he is open to the idea of higher taxes on the ultra-rich, given that it is within reason, although what amount this is exactly is unclear. Saez argues that under the wealth tax, billionaires will not remain so simply by virtue of being billionaires in the first place, which is the case right now: “With a high tax rate on billionaires, you can still become a billionaire… Mark Zuckerberg would still have been able to create Facebook and become a multi-billionaire, but as Facebook matures, if it doesn’t keep growing, slowly the wealth tax is going to erode his wealth and he wouldn’t stay a multi-billionaire for as long.” As of right now, the top 400 taxpayers in the US are thought to have paid something like 10 billion dollars in taxes relative to their combined wealth of 2.5 trillion dollars. While opponents of the tax say that it would ultimately harm meritocracy in society, it is open to debate how meritocratic the current system is. Movies and media are increasingly preoccupied with the complex questions and morality of rampant inequality, as depicted by movies such as Parasite and The Joker, both of which were released in 2019. Saez and Zucman personally advised Senator Warren for her wealth tax proposal, an idea which Bernie Sanders had his own version of within his platform. The wealth tax aims to restore the lost progressivity of the supposedly progressive taxes in American society, which will hopefully inspire other governments around the world to follow suit. In some people’s eyes, it represents safety for the middle and lower classes as a buffer against economic shock and, in general, a more just world where billionaires don’t pay lower taxes than the working class. There are many legitimate concerns and challenges which face the proposed American wealth tax, however, including possible inefficacy if it follows in the footsteps of its European counterpart, and difficulty in getting it approved in the first place due to reasons such as potential backlash from billionaires. It cannot be denied, however, that it is a powerful idea resonating with many around the world.

#### Individual entrepreneurs aren’t key - most CEOs didn’t contribute to current company success

Hildyard 24 [Luke Hildyard, Director of the High Pay Centre with a MA from King’s College London, 2024, “Enough Why It’s Time to Abolish the Super-Rich,” JSTOR, https://www.jstor.org/stable/jj.12865309]/Kankee

Of course, not everybody who goes to private school or receives private tuition or gets a loan or business advice from their parents goes on to become a billionaire. Virtues like determination, initiative and ability have enabled these individuals to capitalise on their opportunities. But very many people are denied the opportunity. Being in possession of the head start offered by a six-figure parental loan or a family with extensive assets and knowledge in a particular industry is a more distinct defining characteristic than being capable, hard working or enterprising. These are traits that are not uniquely common to the super-rich and do not explain why they are super-rich. The most extensive talents and a dedicated work ethic cannot flourish outside the right environment. The luck, for want of a better word, of being born into favourable circumstances is completely critical to extreme income and wealth accumulation. Therefore, it is difficult to argue that such immense fortunes are earned or deserved Economic prosperity and business success are created collectively, not individually Both the economic and moral excuses for inaction on the super-rich, come from telling ourselves the wrong story about how wealth and prosperity are created. We overrate the role of individual entrepreneurs or **CEOs** and underrate the collective and collaborative nature of wealth creation. Investors and executives are hugely dependent on the workers whose labour makes money for their businesses, and the collective resources provided by society as a whole and coordinated by the state for the benefit of those businesses. Leading companies exemplify this tendency. Their CEOs are about the highest earners across the entire economy and a benchmark for the pay of other top executives and senior business managers. As we have noted, pay for a FTSE 100 CEO in the UK currently stands at £3.9 million while it is over $14 million for the CEO of an S&P 500 company in America.11 These companies also generate **huge profits** which accrue to the super-rich to a vastly disproportionate degree – the FTSE 100 companies paid out around £120 billion in dividends and buybacks in 2022.12 The CEOs of large businesses are frequently profiled in media outlets. Stock market movement worth hundreds of millions, or even billions of pounds, occur on the basis of their job changes, with traders buying or selling shares depending on the appointment or removal of a supposedly good or bad CEO. This all contributes to a perception (conscious or otherwise) that companies are the embodiment of their CEOs and wholly dependent on their genius. But as of early 2023, there is only one FTSE 100 CEO who actually founded their company. In America, founder CEOs are more commonplace, but still represent less than 4 per cent of the CEOs of the largest companies.13 The remainder are professional managers who have been appointed to their role at historic businesses, rather than entrepreneurs who have built up an organisation from nothing. They have inherited an existing business infrastructure – a recognised brand, a loyal customer base, supply chains, business processes, factories, warehouses, equipment, and thousands of experienced colleagues throughout the world. Very often CEOs and other senior managers rake in vast pay-outs simply because they happen to be in post when geopolitical events create demand for products or services that their well-established companies are positioned to meet. For example, the FTSE 100 CEOs receiving the five biggest pay increases in 2022 included three bosses of oil and gas companies (BP, Shell and Centrica) that benefited from the increase in global oil and gas prices arising from geopolitical developments like the spike in demand after the Covid-19 pandemic and the disruption to supply caused by Russia’s invasion of **Ukraine**.14 Alongside them was the boss of arms manufacturer BAE Systems, whose share price jumped by around 55 per cent over the year after the invasion prompted governments across the world to increase defence spending.15 The pay increase accruing to the four CEOs amounted to £16 million on top of the combined £19 million they received the previous year. Similarly, a 2023 study from London Business School examining the effects of corporation tax cuts enacted by Donald Trump in the US again exemplifies how executives benefit from being in the right place at the right time. The tax cuts delivered a massive and sudden increase in the earnings of corporations because less tax had to be paid.16 This meant CEOs smashed their performance targets far more easily than they would have otherwise done and raked in bigger bonuses, despite the fact that the earnings increase was nothing to do with them. The study estimated that the excess pay-outs accruing to the CEOs of the companies with the biggest windfall gains from the tax cuts amounted to about $170 million in total bonuses for the CEOs of around 500 companies. There were no apparent gains for the workers at those companies. The role of luck as a driver of business success and executive pay awards does not mean that leadership is not important – but people who are effectively private sector bureaucrats do not merit pay awards hundreds of times the pay of everybody else, just for maintaining and managing already functional organisations and being in the right place at the right time. Even in the case of entrepreneurs starting from scratch, or successful managers who significantly increase a company’s earnings or market value through genuine innovation, they will depend on colleagues to provide accurate and timely data, insights and advice to inform their decisions, and to possess the necessary competence and initiative to execute them. Major decisions will also require input and approval from the entire board and, in well-run organisations, probably investors too, plus trade unions or other representatives of the workforce. This is a point that is overlooked by people who argue that, because the CEOs take decisions affecting companies worth billions, they deserve to be paid millions. No decision is taken in a vacuum and, in a large organisation, the executives are much more likely to be reliant on other people. As the chair of a major UK bank put it in a research interview for a High Pay Centre report examining the importance of executives to company performance: ‘the bigger the system, the more it’s the system that counts not the person on top of it’.17 Indeed, if one individual is able to significantly affect the value of the enterprise without carefully taking the advice of these different stakeholders, it is likely to be as a destroyer of wealth, rather than a creator. This is often a theme of corporate catastrophes. For example, analyses of the global financial crisis of the late 2000s have repeatedly found that the lack of checks and balances on the domineering personalities of CEOs like Fred Goodwin of RBS and Dick Fuld of Lehman Brothers were factors in the reckless risks taken by those organisations.18 What this suggests is that, in general, people in the highest-earning roles either rely heavily on those around them or are not very good at their jobs. Either way, they probably do not deserve pay packages that are often hundreds of times the value of the salaries of the ordinary workers who keep their companies running. Public money props up the super-rich

### AT: Illiquidity

#### No liquidity problems – problems are self-creating, and paying with shares solves

Saez and Zucman 20 [Emmanuel Saez, Morris Cox Professor of Economics and Director of the Center for Equitable Growth at the University of California, Berkeley, and Gabriel Zucman, Assistant Professor of Economics at the University of California, Berkeley, 3-17-2020, "Taxing the Superrich", Boston Review, https://www.bostonreview.net/forum/gabriel-zucman-taxing-superrich/]/Kankee

This solution addresses the challenge head on. Just as a well-functioning income tax should treat all income equally, a good wealth tax should treat all assets in the same way, at their current market value. If some values are missing, the solution is to create them. And there is nothing better to create a market value than, well, to create a market. For a wealth tax imposed at an average rate of 2 percent, Cargill’s shareholders would hand in 2 percent of their shares each year (or the cash equivalent, if they prefer to retain full control of the company). As with Buffett’s Berkshire Hathaway, there would be no getting away. Transforming Cargill’s shares into cash would be the government’s job. This solution also addresses another frequent objection to wealth taxation—the problem of liquidity. Very rich people may have a lot of wealth and yet not enough income to pay their tax bills. Isn’t it unfair to force them to pay a tax when they don’t have cash in hand? To be frank, liquidity concerns are often put forward in bad faith. The claim that people worth hundreds of millions of dollars may not have enough cash to pay a million dollars in tax does not often withstand scrutiny. If ultrarich individuals say they have little cash, it is usually because they choose to realize little income to avoid the income tax. They organize their own illiquidity. But suppose the liquidity problems are real. The most relevant case might be a highly valued startup that makes no profit. Generating cash each year may turn out to be complicated or costly for anyone whose primary source of wealth is shares in the company, since young firms typically do not pay dividends. In that case, allowing taxpayers to pay in kind—with shares of the companies—addresses the problem. Because the wealth of the rich mostly consists of equity, and **equity** (in contrast to real estate) can always be divided, it can be used to pay for the tax. If the wealth tax can be paid with assets rather than cash, a progressive wealth tax isn’t harder to **implement** in practice than a progressive income tax. The middle class already pays taxes on its wealth, in the form of property taxes. The wealthy don’t, since most of their wealth consists of financial assets, which are exempt from the property tax. In the nineteenth century, by contrast, the property taxes of most states fell on all assets, both real and financial. In the beginning of the twentieth century, the United States pioneered the progressive taxation of property with its federal estate tax—now moribund. Before turning its back on this distinguished tradition, the United States was at the forefront of the democratic regulation of property via the tax system. Curbing wealth concentration: a radical wealth tax

## Negative

### AT: Rich Climate Consumption

#### Wealth taxes cause the rich to consume more

Gleckman 19 [Howard Gleckman, senior fellow in the Urban-Brookings Tax Policy Center at the Urban Institute, 10-31-2019, "A Wealth Tax Will Encourage More Spending By The Rich—And Maybe More Political Donations", https://taxpolicycenter.org/taxvox/wealth-tax-will-encourage-more-spending-rich-and-maybe-more-political-donations]/Kankee

An incentive to spend Why would a wealth tax encourage the rich to spend? Think of it this way: If your assets above some level is subject to a stiff federal wealth tax, you’ll have a strong incentive to keep your wealth below that threshold. To put it another way, at the margin of a wealth tax, the tax encourages you to spend any additional amount you accumulate. Economists have recognized a wealth tax’s perverse incentive to consume for a long time. I recently heard Harvard economist Greg Mankiw compare two hypotheticals to make the point, and the late Princeton economist David Bradford made the same argument years ago. Imagine two very rich people. Joe is a spendthrift who buys yachts, fancy cars, diamonds, and other rapidly depreciating property. Because his spending habits keep his assets below the wealth tax threshold, he effectively is rewarded for his spending habits. Jane makes the same annual income as Joe. But she is a saver and investor, prudently putting money away for the future or using her wealth to help create or expand businesses and job opportunities. Because she accumulates sufficient assets to be subject to the wealth tax, she effectively is penalized for saving and investing. More charitable giving

### AT: Inequality

#### Aff can’t solve – IRS underfunding, circumvention, and tax breaks from philanthropy

Reiser and Dean 23 [Dana Brakman Reiser, Centennial Professor of Law at Brooklyn Law School, and Steven A. Dean, professor of law and the Paul Siskind Research Scholar at Boston University School of Law, 01-2023, "A More Perfect Bargain", OUP Academic, https://academic.oup.com/book/45335/chapter-abstract/389234584?redirectedFrom=fulltext]/Kankee

Corporations, unlike individuals, do not enjoy lower capital gains rates. But corporate tax rates have experienced a similar slide. The 21 percent rate adopted in the 2017 Tax Cuts and Jobs Act sits at less than half that in effect when the Grand Bargain was concluded. That 1969 rate of 48 percent fell just short of its all-time high of over 50 percent in the 1950s. An overarching pattern emerges in the burdens the income tax imposes— or, more often as the years pass, fails to impose—on elites. Its load settles more heavily on income earned from labor than from capital, for example. Such differences disproportionately favor the wealthy. They also contribute to the racial wealth gap.12 Recent critiques seize on this pattern to highlight the failure of the ostensibly progressive income tax to curb inequality and the corresponding opportunity reinvigorated income taxation presents for constraining elite influence. Yet enhancing income tax progressivity presents obvious and well-known challenges. The large and vocal group of lawmakers who vow never to raise taxes on anyone represents only the most obvious. The overwhelming political influence of the very elite taxpayers who would be the “losers” in any reforms makes such changes daunting for any legislator open to the possibility. Moreover, this systemic solution requires more than assembling a congressional majority to raise statutory rates at the top. The income tax progressivity gambit will work only if nominal rates on the books reflect the real rates elite taxpayers confront. Nominal Rates and Real Risk Economists attempting to identify the “optimal” tax rates for high-income earners have concluded that doubling current tax rates could boost revenues without distorting behavior over the short run.13 But they rely upon key assumptions which inject an important caveat. If taxpayers can avoid or evade the new rates’ application, rates twice as high would translate into little increase in taxes paid. To make an impact on government revenue, higher rates must be paired with “base broadening and tax enforcement.”14 Taxpayers must have neither legal nor extralegal means of lowering their effective rates through self-help. In practice, returning rates to levels not seen for decades and rearming federal tax authorities may be the easy part. True progressivity would also demand reversing technical changes, like those that result in dividends paid to stockholders being taxed at rates much lower than those paid on wages. Without such adjustments, doubling the top marginal rates might leave the tax treatment of elites undisturbed. Wealthy individuals have little to fear from the income tax. Tax rates have fallen by half and increasingly generous design features like the treatment of capital gains blunt even these diminished obligations for those at the top. The dropoff in enforcement has been, if anything, even steeper. Tax authorities can never be expected to detect or defeat every scheme for avoidance or evasion. A half-century ago, however, enforcement at least remained a realistic possibility. By the 2008, a typical taxpayer’s audit risk had fallen dramatically—four times smaller than the rate in the 1960s.15 Since that time, that low enforcement trend has only gained momentum. Today, neither high nominal rates nor a viable threat of enforcement exists– at least for wealthy taxpayers. In 2019, the highest audit rates in the country targeted taxpayers in poor, predominantly Black counties in the American South, with Latinx and indigenous counties close behind.16 A 2020 report by Treasury’s Inspector General for Tax Administration revealed “high-income nonfilers owing billions of dollars”17 went unchecked, while poor communities faced heavy scrutiny. Authorities have no choice but to audit poor taxpayers, since they lack the resources to tie up its agents with challenges and litigation. The systematic effort to reduce funding to the Internal Revenue Service has hobbled its ability to challenge aggressive behavior by elite taxpayers, exacerbating inequality from multiple directions. Today’s lower rates subject to larger loopholes and combined with weakened enforcement mean a systemic reform intended to sharply increase income tax progressivity cannot stop at simply doubling top marginal tax rates. Making real equality gains will require the painstaking work of eliminating workarounds and devoting serious resources to enforcement. The Biden administration has made tentative steps on both fronts, proposing the elimination of preferential rates for capital gains and securing an $80 billion increase in the Internal Revenue Service’s enforcement budget.18 Income Tax Reform and For-Profit Philanthropy The rise of for-profit philanthropy illustrates the difficulty of reestablishing the Grand Bargain simply by restoring income tax rates and enforcement to the levels of fifty years ago. Even true systemic reforms enhancing progressivity in real terms would not eliminate the appeal of some for-profit philanthropic innovations. It would actually make others more attractive. The light tread of today’s income tax on those at the highest levels of income and wealth undermines the appeal of foundations as compared to philanthropy LLCs. It can be tempting to believe that reining in their use could be as straightforward as recreating the tax rates that prevailed in 1969 and shifting enforcement resources away from vulnerable Black communities and toward the wealthiest Americans. But that nostalgic view of mid-century tax policy obscures a more nuanced reality. Raising top marginal income tax rates from 37 percent to 74 percent would seem, after all, to double the appeal of the tax breaks a foundation offers. That simple math misapprehends both the complexity of the income tax and the value proposition for-profit philanthropy represents. Without changing structural features of the income tax that favor wealthy taxpayers, even vastly increased rates will make little headway with those at the very top. But a foundation’s tax appeal would certainly grow alongside higher real rates by comparison with a philanthropy LLC. Elite donors subject to higher real rates would need to recalculate the value of an LLC’s advantages in flexibility, control, and privacy, against more substantial foregone tax benefits. Yet as the value of tax deductions increases in step with marginal tax rates, the tax advantages elites gain from using commercially affiliated donor-advised funds would be magnified by such changes. Commercial sponsors would undoubtedly tout the enhanced benefits their offerings would provide. They have already done just that with respect to the unparalleled access their donor-advised funds provide to tax benefits for donating appreciated property.19 Similar marketing efforts likewise drove billions in new contributions at the advent of the increased standard deduction under the 2017 tax law changes.20 Efforts to enhance income tax progressivity, if made without simultaneous adjustments to commercially affiliated donor-advised fund regulation, would bolster rather than blunt the appeal of for-profit philanthropy. The same logic applies to corporate charitable contributions. If corporate tax rates rise, so too do the benefits of corporate foundations. But the same would be true for all deductions, including those for business expenses. Strategic corporate philanthropy’s slippery amenability to characterization as either a charitable contribution or a business expense—whether donated through a foundation or directly by an in-house department—frustrates the ability of higher corporate tax rates to spur corporate philanthropic accountability. Nothing to Fear from an Income Tax

#### Wealth taxes can’t solve inequality and destroy the economy

Brannon 21 [Ike Brannon, Senior Fellow at the Jack Kemp Foundation and former Cato Visiting Fellow with a PhD in economics from Indiana University and a BA in math, Spanish, and economics from Augustana College, 12-10-2021, "A Wealth Tax Is Not A Solution For Income Inequality", Forbes, https://www.forbes.com/sites/ikebrannon/2020/09/29/a-wealth-tax-is-not-a-solution-for-income-inequality/]/Kankee

In such a scenario it's likely that a Democratic Congress may feel compelled to enact additional tax increases, and the most likely one would be a wealth tax. For instance, the California legislature is debating imposing one on its residents and there are numerous advocates for such a thing in the House and Senate right now, including Senator Bernie Sanders and Rep. Alexandria Ocasio-Cortez. However, a wealth tax would do nothing to help low-income earners while hurting the rest of the economy. Wealth taxes are difficult to administer and—more importantly—invariably reduce savings, investment, productivity, and economic growth. A wealth tax imposes an annual tax based not on a person's income but on their net assets. For instance, the wealth tax advocated by Senator Bernie Sanders would impact only people who own more than $32 million of assets. Its rates would range from 1 percent at the bottom to 8% for wealth above $10 billion, and it would raise an estimated $4.4 trillion in ten years—more than the entire Biden plan. While the wealth tax champions aver that such a tax would only impact the wealthiest of the wealthy, a tax on wealth would be much more harmful than Biden’s proposed tax increases and would end up reducing the wealth of everyone, rich or poor. A good rule of thumb is that we get less of something if we tax it. Do we want to reduce the amount of capital the wealthy accumulate? The Democratic party has made reducing income inequality one of their key goals for the country, and it is one that should be a priority for everyone else as well. However, how we accomplish such a thing matters quite a bit. One salient observation from the last quarter-century is that when the unemployment rate gets below four percent, the wages of people at the bottom quintile start to increase precipitously. At that rate genuine labor shortages for low-skilled and entry level jobs develop, and firms must pay more to attract these workers—or else find people who have been out of the labor market and persuade them to enter, and possibly train them as well. This happened in the late 1990s and in the last couple of years it was again occurring. In 2019 Median Household Income increased by 6.8 percent, and for African Americans it went up by 7.1 percent. More importantly, the mean income for people in the bottom income quintile increased by nine percent, higher than anywhere else in the distribution. A permanent increase in pay in the occupations of low-income households is infinitely preferable than any commensurate increase in transfer payments. Successive governments abetted this increase beneficial development by quickly acting to ameliorate the effect of the financial crisis and then making economic growth writ large a priority across both Democratic and Republican Administrations. And after the economic expansion reached 7 years, wages at the bottom started to increase. This also describes our success at reducing inequality in the 1990s. A wealth tax short-circuits that process by merely reducing income at the very top of the distribution. While doing such a thing will, in fact, allow inequality measures to report significant progress, doing so would do nothing by itself to improve living standards of people at the bottom of the distribution, or make it easier for people to climb up the income ladder. It’s akin to losing weight by lopping off body parts—it achieves a numeric goal but is counterproductive for the overarching goal. Its advocates invariably counter by saying that if those trillions are spent effectively it would lead to steep gains in living standards, but much of what they propose to spend that money on—such as Medicare for all or free college tuition for everyone—would do little to help them. They amount to entitlements that would ultimately benefit middle class workers and above more than people at the bottom. For instance, the cost of college is not what deters most low-income high school graduates college, because these people qualify for financial aid that makes it affordable—or free, in many instances. Rather, they don’t attend because their elementary and high schools did not prepare them for college, or they have few peers or mentors who went to college and don’t consider such a step, or find more education daunting. Officially declaring college free for them—and people all along the income distribution—won’t change those realities. The central rule of taxation is that we should tax actions we want less of, and tax things that are more difficult to move elsewhere. Wealth is an unalloyed good for our economy, even if the people who accumulate it already have a lot of it. More wealth ultimately gets invested in our economy—in new businesses, in new plants, in modernized factories, or research and development. This is what drives economic growth. Without the accumulation of wealth—and the investment of wealthy people (and the millions of the rest of us who have some wealth but aren’t wealthy) our economy has taken off in the last five years, to the benefit of all of us. A wealth tax constitutes a tax policy driven by spite: it is the rare tax change that would make everyone—rich and poor—worse off. Focusing on reducing the wealth of the .1 percent rather than on helping low-income households is a perverse approach to a very real problem. Many European countries—including Sweden, Germany, France, and Austria—implemented and then scrapped a wealth tax because it is difficult to implement and can chase wealthy entrepreneurs out of the country. For instance, Sweden’s wealth tax was enough of a burden to push many of its businessmen elsewhere, including IKEA founder Ingvar Kamprad. France has seen thousands of millionaires leave because of its wealth tax, enough so that the net revenue generated by the tax may be negative. Most European nations that once implemented a wealth tax have abolished it. The wealth tax is predicated on a perspective of the economy—namely, that the middle class is disappearing—that does not comport with the data. The liberal economist Steven Rose recently published an exhaustive analysis of the income distribution in the last fifty years for the Brookings Institute that finds the middle class to be shrinking—because they are becoming wealthy. What he identifies as the main problem is that it is more difficult for people to leave the lowest income quintile. That is the problem we should be focusing on. The philosopher Jean Baptist Colbert famously said that the art of taxation is to pluck the feathers from the goose with the least amount of hissing. A wealth tax produces a lot of hissing and no feathers.

#### Society isn’t inequal now – traditional analysis doesn’t include social security wealth

Cataneo 24 [Julia Cataneo, Senior Fellow DeWitt Wallace Chair Editor and graduate of Northwestern University and the Medill School of Journalism, 4-22-2024, "Why You Shouldn’t Worry Too Much About US Wealth Inequality", American Enterprise Institute, https://www.aei.org/economics/why-you-shouldnt-worry-too-much-about-us-wealth-inequality/]/Kankee

A familiar Hollywood trope: a technologically advanced, futuristic society riven by inequality. There’s the superelite sliver who enjoys the fruits of progress—and then there’s everybody else, as seen in films such as Blade Runner and Elysium. When I write about the need for faster tech progress and economic growth, as in my 2023 book The Conservative Futurist: How to Create the Sci-Fi World We Were Promised, skeptics often seem to imagine the sort of dystopian future these films portray. Only the super-rich would have access to medical miracles and the luxurious off-world colonies. The rest of us would have to make do in a world ravaged by climate change and whatever tech crumbs fall to us. But the cinematic trope depicts a reality divergent from the historical record. The wealthy’s consumption habits, from cars and planes to smartphones, eventually become available to all. Elon Musk doesn’t have access to a superior COVID-19 vaccine compared to the average person. Nor is his smartphone more capable. (SpaceX exemplifies this by reducing space launch costs, making space travel and living a realistic possibility for ordinary people, not just the ultra-rich.) Not only might the future be better than what these pessimists think, but the present is probably better, too. Many of us are probably familiar with studies—and the mainstream media reports about them—that show a massive surge in US wealth inequality over recent decades. But you might not have heard about this: Including the value of Social Security benefits significantly changes the level and trend of wealth inequality in the United States. According to the authors of the 2023 analysis “Social Security and Trends in Wealth Inequality,” top wealth shares have not changed much over the last three decades when Social Security is properly accounted for. This is because Social Security wealth increased substantially from $7 trillion in 1989 to $39 trillion in 2019 and now represents 49 percent of the wealth of the bottom 90 percent of the wealth distribution. The value of Social Security has grown faster than traditional wealth, such as financial assets, due to expanded earnings coverage, an aging population, and falling interest rates, which disproportionately benefits the bottom 90 percent. Rather than wishing for a world without billionaires, as some radical thinkers do, we might want to think about the immense value that uber-successful entrepreneurs provide. Nobel Prize-winning economist William D. Nordhaus, in a 2004 study, found that innovators capture a mere two percent of the total social benefits from what they invent. Consumers reap the vast majority of these rewards. Billionaires such as Jeff Bezos and Musk have helped create trillions in value for the rest of us. Markets and capitalism don’t always produce what some might consider to be ideal societal outcomes, especially regarding income and wealth. And while tax and transfer payments aim to correct such imperfections, it’s crucial to encourage and reward innovation and wealth creation. Without the possibility of amassing significant wealth, we wouldn’t have benefited from the contributions of entrepreneurs like Bezos and Bill Gates.

#### Gini coefficient studies prove wealth taxes can’t solve

Wolff 20 [Edward N. Wolff, educator at the Department of Economics at NYU, 02-10-2020, “Wealth taxation in the United States,” Public Sector Economics, https://www.pse-journal.hr/upload/files/pse/2020/2/1.pdf]/Kankee

On the basis of the SCF data alone, the Swiss wealth tax would have yielded $182.1 billion in 2016. Including the Forbes 400 raises the amount to $189.3 billion, a rather small 4 percent increase (see figure 1, left-hand panel). The Warren wealth tax would have yielded $231.4 billion excluding the Forbes 400 and $303.4 billion including the Forbes 400. The Forbes 400 alone would have collectively paid $72.0 billion, or 23.7 percent of the total tax revenue. Including the Forbes 400, the ratio of total tax revenue between the Warren tax and the Swiss tax is 1.60. Another notable difference between the two taxes is their incidence. Whereas 44.3 percent of all families would be subject to the Swiss wealth tax, only a tiny 0.07 percent would pay the Warren tax (Figure 1, center panel). What about the effect of these taxes on wealth inequality? The Gini coefficient for net worth based on the 2016 SCF data alone is 0.8771. The Gini coefficient drops to 0.8770 after application of a Swiss wealth tax and to 0.8768 after that of a Warren tax. In both cases, the effect is miniscule. When I now include the Forbes 400, the Gini coefficient for net worth rises to 0.8830 (Figure 1, right-hand panel). The Gini coefficient for net worth net of the Swiss wealth tax now falls by 0.0001 Gini points to 0.8828, almost exactly the same decline as before without the Forbes 400 included. Likewise, the Gini coefficient for net worth net of the Warren wealth tax declines by 0.0005 Gini points to 0.8825, also about the same reduction as before without the Forbes 400 included. 5 CONCLUDING REMARKS

#### High wealth is good and reduces inequality and poverty

Henderson 18 [David R. Henderson, professor of economics at the Naval Postgraduate School2-20-2018, "Income Inequality Isn’t The Problem", Hoover Institution, https://www.hoover.org/research/income-inequality-isnt-problem]/Kankee

If you’ve been paying attention to economic controversies in the last decade, you may have noticed many discussions about economic inequality. It’s a hot topic and several people believe that the alleviation of poverty requires a substantial reduction in inequality. For example, Thomas Piketty, the French economist whose book Capital in the Twenty-First Century became a bestseller, understands the distinction between income inequality and poverty but sometimes uses the terms interchangeably, as if one necessarily begets the other. But inequality of income and wealth can remain high or even increase while poverty is decreasing. In order to understand economic inequality, we need to ask a few questions. First, are there good kinds of economic inequality and bad kinds? Second, is it a good idea, as many policymakers and even some economists insist, to reduce inequality by taxing those at the top end more heavily? Third, has poverty been increasing? Fourth has economic inequality been increasing? To answer the first question, let us consider two historical figures of twentieth-century American history. The first came to prominence in the late 1940s, when he invented a light one-man chainsaw, and sold more than 100,000 of them at a price that made him quite rich. That added slightly to wealth inequality. But although the wealth gap between this man, inventor Robert McCulloch, and his customers was higher than it was before, the customers got a product they valued that made their lives easier. In economists’ terms, the wealth of these customers increased slightly. Is that increase in wealth inequality a problem? When I’ve asked college students this question, the vast majority says no—and I agree. Now let’s consider the second figure. In the early 1940s, as a Congressman from Texas, this man defended the budget of the Federal Communications Commission when a more senior member of the House of Representatives was trying to cut it. So the FCC owed him a favor. One FCC official suggested the politician have his wife apply for a license for a radio station in the underserved Austin market. She did so and within a few weeks, the FCC granted her permission to buy the license from the current owners. She then applied for permission to increase its time of operation from daylight-hours-only to 24 hours a day and at a much better part of the AM spectrum—and the FCC granted her permission within a few weeks. The commission also prevented competitors from entering the Austin market. These moves made Lyndon Johnson and his wife very rich. When he ran for President in 1964, the radio station accounted for over half of his $14-million net worth. This increase in his wealth added slightly to wealth inequality. But customers in the Austin market were, due to the FCC restrictions on further radio stations, slightly less well off than if more stations had been allowed. When I tell this story to college audiences and ask them if they think there’s an important difference between McCulloch’s and Johnson’s methods of increasing wealth inequality, virtually all of them do, and few will defend the latter way. How does this relate to wealth inequality? In any given year, there isn’t just one inventor or innovator. There are thousands. So each one’s success increases wealth inequality a little but also improves the well-being of tens of millions of people who are less wealthy. Also, as other competitors enter the market and compete with the innovator, they drive down prices and make consumers even better off. Indeed, Yale University economist William D. Nordhaus has estimated that only 2.2 percent of the gains from innovation are captured by the innovators. Most of the rest goes to consumers. In short, there is indeed a distinction between good economic inequality and bad. Entrepreneurial innovation that improves the lives of consumers is good; using political pull to transfer wealth is bad. Consider another example—two of the richest people in the world are Bill Gates and Carlos Slim. Gates got rich by starting and building Microsoft, whose main product, an operating system for personal computers, made life better for the rest of us. Would you have a well-functioning personal computer if Bill Gates hadn’t existed? Yes. But his existence and his clear thinking early on hastened the PC revolution by at least a year. That might not sound like a lot, but each gain we consumers got from each step of the PC revolution occurred a year earlier because of Bill Gates. Over 40 years, that amounts to trillions of dollars in value to consumers. The market value of Microsoft is currently just shy of $700 billion. Assume that Microsoft was much better than other innovators at capturing consumer value and captured fully 10 percent of the value it created, rather than the usual 2.2 percent. That means it has created almost $7 trillion of value for consumers over those forty years. Mexican multi-billionaire Carlos Slim is currently the seventh-richest man in the world. He got rich the way Lyndon Johnson got rich. The Mexican government handed him a monopoly on telecommunications in Mexico and he uses it to charge high prices for phone calls. Slim is clearly exacerbating income inequality in a way that makes other people poorer. Thomas Piketty concedes that it matters how one gets rich, and that many rich people made their money legitimately. But when it comes to advocating policy, he forgets that important distinction. He advocates an annual “global tax on capital” with rates that would rise with wealth. “One might imagine,” he writes, “a rate of 0 percent for net assets below 1 million euros, 1 percent between 1 million and 5 million, and 2 percent above 5 million.” He adds, “one might prefer” a stiff annual tax of “5 or 10 percent on assets above 1 billion euros.” But such a policy doesn’t discriminate between those who accrued their wealth honestly and in ways that ultimately contributed to the social welfare and those who got rich through government power. Here’s Piketty’s response to that point: “In any case, the courts cannot resolve every case of ill-gotten gains or unjustified wealth. A tax on capital would be a less blunt and more systematic instrument for dealing with the question.” Piketty’s last sentence is the opposite of the truth. A tax on capital, no matter whether that capital was acquired legitimately or illegitimately, is incredibly blunt. It’s systematic only in the sense that it systematically takes wealth from all wealthy people. I agree with Piketty that courts are not usually the ideal way to resolve the issue of ill-gotten gains: much of what government does to produce those gains is legal, however morally questionable. The best way to prevent ill-gotten gains is to take away the government’s power to grant them. If the Mexican government had not had the power to create a telecommunications monopoly, for example, Slim’s wealth would be—much slimmer. That brings us to the second question: Is it a good idea to reduce inequality by more heavily taxing those at the top end? If there’s anything we know from basic economics, it’s that incentives affect behavior. Tax high incomes or wealth heavily and you will have fewer people trying to make high incomes and get wealthy. Moreover, even if the incentive effect were slight, high taxes on highly productive people take wealth out of their hands, where much of it likely would have been used to finance more pro-consumer innovation and productivity, and put it in the hands of government bureaucracies. That simple transfer of wealth, independent of the effect on incentives, makes a society worse off. Third, has poverty been increasing? No. In fact, what economists call extreme poverty—living on an income of less than $1.90 a day—has fallen dramatically over the last 3 decades. For the first time in world history, fewer than one billion people live in extreme poverty. This is all the more striking when you remember that the world population, at 7.6 billion people, is at an all-time high. Why has this happened? Because of increased international trade and economic growth—which have made some people extremely wealthy, while also lifting over one billion others out of crippling destitution. The argument that economic inequality somehow exacerbates poverty is specious. Finally, has economic inequality been increasing or decreasing? The wrong way to answer that question is by comparing the wealth of billionaires to the wealth of the poorest people on earth. The correct way is to compute something called the Gini coefficient. This coefficient, which can range from 0 to 1, measures income inequality. With total income equality, the Gini would be 0; with total inequality, which would mean one person having all the world’s income, the Gini would be 1. So what has happened to the Gini coefficient over time? Economists Tomas Hellebrandt and Paolo Mauro reported the answer in a 2015 study for the Peterson Institute for International Economics. They found that between 2003 and 2013, the worldwide Gini coefficient fell from 0.69 to 0.65, indicating reduced income inequality. Moreover, the two economists predict that by 2035, income inequality will decline further, with the Gini coefficient falling to 0.61. The reason is not that higher income people will do worse but that lower income people in some of the poorest countries, like India and China, will do much better because of economic growth. If the problem we care about is poverty, then the calls to tax the rich and reduce income inequality are misguided. Instead, we should be cheering for policies that lead to higher economic growth. One other important measure is increased immigration. Allowing more immigration into the United States would allow people to move from low-productivity jobs in poor countries to higher-productivity jobs in America. That would dramatically improve the plight of the poor while also improving, but by a smaller margin, the well-being of the rich. Piketty, for all his faults, put his finger on how to do so. He wrote: “A seemingly more peaceful form of redistribution and regulation of global wealth inequality is immigration. Rather than move capital, which poses all sorts of difficulties, it is sometimes simpler to allow labor to move to places where wages are higher.” Amen, frère.

#### Growth is not zero-sum –wealth increases aid everyone, not merely the uber-wealthy, while wealth decreases harm everyone

Flanigan and Freiman 24 [Jessica Flanigan, Assistant Professor of Leadership Studies and Philosophy, Politics, Economics, and Law at the University of Richmond, and Christopher Freiman, Associate Professor of Philosophy at William & Mary, 10-15-2024, "Wealth Without Limits: in Defense of Billionaires", PubMed Central (PMC), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9684899/]/Kankee

Yet this case against the superrich lifestyle fails to weigh the benefits that even the nonphilanthropic superrich provide. Most ultra-rich people who don’t engage in substantial charitable projects nevertheless use their wealth to contribute to the public good through investment, by financing innovation, and by selling products and services that people want. The first way that billionaires benefit people is through investment. Critics of the ultrarich often miss this point, opting instead to view the distribution of resources in zero-sum terms. For example, one policy analyst characterized the problem with billionaires in terms of fairness, writing that “The bigger Jeff Bezos’s and Bill Gates’s slices of the pie are, the smaller everybody else’s are going to be.”25 But insofar as the economy is like a pie, people like Jeff Bezos and Bill Gates have made everybody else’s pieces bigger, not smaller, by increasing productivity and providing goods and services that everyone else values as well. To the extent that billionaires make their money through investments in productive companies, they have powerful incentives to produce goods, services, and useful public infrastructure, which benefits everyone, including the poor. And to the extent that taxing billionaires would have an adverse effect on investment, leading to less economic growth, everyone would suffer. Middle class people with retirement accounts and pensions benefit from billion-dollar companies’ economic gains and working people who do not invest benefit from the employment opportunities and cheaper goods that a thriving economy brings. The fact that wealthy people disproportionately invest means that taxing the rich for the sake of redistributing their money to the poor is likely to discourage investment on balance. Instead, people will consume more instead of investing, resulting in less economic growth. As David Schmidtz argues, production will become a higher valued use of resources than consumption as one becomes wealthier due to the diminishing marginal utility of wealth. 26 Consequently, equalizing taxation risks decreasing production. Moreover, as Michael Huemer points out, this dynamic can be remarkably destructive if we account for the moral status of people in the future, or even our future selves, because changes in the rate of economic growth, compounded over time, have exponential impacts on the future.27 To be clear, this is not a “trickle down” argument against taxation. Rather, we are pointing out that incentivizing investment amounts to incentivizing reductions in the real price of goods, which is a substantial benefit for people across the income distribution. Of course, none of this is to deny that redistribution—say, in the form of cash transfers— can result in capital investment.28 However, as noted above, very little public spending is used to finance cash transfers and, because of the diminishing marginal utility of consumption, the wealthier one is, the more likely one is to invest rather than consume the marginal dollar. Finally, there is a broadly Hayekian argument against taxing the rich. To borrow from David Miller’s summary of the argument, it “is not only that entrepreneurial rewards are needed to motivate would-be entrepreneurs, but that it is desirable that capital stay in the hands of those who have shown that they know how to invest it.”29 Indeed, even if the possessor of capital doesn’t know how to invest it—perhaps they’ve inherited it—simply allowing resources to stay in a productive investment is socially valuable. Even when they aren’t being philanthropic, billionaires also innovate in socially beneficial ways where the government hasn’t. Consider innovations in recordkeeping. Private software companies have recordkeeping solutions for just about any need. For-profit industries also have innovative solutions for their customers, such as online banking and budgeting tools and retail websites that store consumers’ sales histories. Compare these experiences to the experience of applying for a passport or accessing government records and the nightmare that is the highly regulated industry of electronic medical records. Industry actors innovated in this space in response to consumer demand, whereas public officials and people in less competitive industries lacked an incentive to innovate.

### AT: Carbon Wealth Taxes

#### Lack of international coop kills the aff

Naef 24 [Alain Naef, Assistant Professor at ESSEC Business School with a PhD from the University of Cambridge, 03-2024, The impossible love of fossil fuel companies for carbon taxes,” Ecological Economics, https://www.sciencedirect.com/science/article/pii/S0921800923003087]/Kankee

The level playing field argument is one of the most common arguments given by oil and gas companies in favour of a carbon tax. 4.4. Belief that international coordination will fail or take time In 2015, during the Paris Agreement meetings, oil executives sent a letter to the Executive Secretary of the UNFCCC and President of COP21 to support efforts to “introduce carbon pricing systems where they do not yet exist at the national or regional levels”. They also tasked governments to “create an international framework that could eventually connect national systems”. 24 This statement points to the main issue when it comes to a carbon tax. A carbon tax needs to be international and agreed upon by most nations, or it will lead to carbon leakage (Holladay et al., 2018; Fowlie and Reguant, 2018). But the political economy of finding such a global agreement is complex at best. International coordination on a global carbon tax will probably have to take into account the development level of the countries involved, with higher standards for more high-income economies and more flexibility for middle and low-income countries. The IMF currently has a proposal it is trying to implement using carbon floor prices that differ by country income level (Parry et al., 2021). This might be a step in the right direction to find a global consensus, but the proposal is far from being implemented. To overcome international division, some countries could apply a unilateral carbon tax. The European Carbon Border Adjustment Mechanism (CBAM) is one attempt in that direction.25 One country would tax the embedded carbon within imported goods. The idea is promising, but it has yet to be implemented with the blessing of the World Trade Organization (WTO) (Trachtman, 2017; Bellora and Fontagn´e, 2022) and generate a consensus in global arenas such as the G20. China, a large exporter of high‑carbon goods, is unlikely to accept this tax on its exports. This needs international coordination, which is unlikely to happen as G20 countries remain divided on the issue. The current division among the international community could leave oil and gas companies several more decades to exploit their remaining reserves before a policy response limiting their production is effectively put in place. This is especially true since economists have advocated carbon taxes as the optimal policy for over four decades now, starting with the Nobel Prize work by Nordhaus (1982, 2019). While international coordination is a major issue, there is more literature on the ineffectiveness of carbon taxes, which might justify the attitude of fossil fuel companies (Cheng et al., 2021; Andrade de Sa ´ and Daubanes, 2016; Daubanes and Lasserre, 2011; Douenne and Fabre, 2020). 4.5. Removing uncertainty

#### Energy demand is inelastic, making carbon inevitable

Naef 24 [Alain Naef, Assistant Professor at ESSEC Business School with a PhD from the University of Cambridge, 03-2024, The impossible love of fossil fuel companies for carbon taxes,” Ecological Economics, https://www.sciencedirect.com/science/article/pii/S0921800923003087]/Kankee

4.2. Inelastic demand The idea of inelastic demand is based on basic economic theory. The consumption of some goods is highly affected by their price. Other goods are completely inelastic to the price. Energy likely enters the latter category, at least for some part. Energy is part of necessity goods; they cannot be withheld. For example, domestic heating and water or agriculture need energy. In the medium to long term, this energy is unlikely to be fully replaced by renewable energy (Smil, 2022). While it is a debated topic, there is some evidence that demand for oil is inelastic to price, at least in the short term (Dash et al., 2018; Moore, 2011). Hamilton (2009) suggests that oil demand in the short run may exhibit a relatively inelastic response to price changes. Consumers’ habits and infrastructure limitations could contribute to this inelasticity. Cooper (2003) uses evidence from 23 countries to show that the demand for crude oil internationally is highly insensitive to changes in price. Krichene (2002) show that this high inelasticity held for the last century and helps explain the power of oil producers. But whether this evidence holds is independent of whether fossil fuel executives believe that the demand for oil is inelastic. And statements presented further down seem to go in that direction. Therefore, oil and gas companies might be betting on the inelastic nature of global energy demand. Andrade de Sa ´ and Daubanes (2016) have generated a model in which the inelastic price of oil makes a carbon tax ineffective. It is, therefore, not unreasonable to believe that carbon taxes could leave oil and gas prices untouched in the medium term. Oil and gas companies have first-hand experience with these inelastic prices. Vermillion, a Canadian fossil fuel company, noted in a report that gas demand “proved to be inelastic at high natural gas prices.”19 They noted this in 2021 following almost five-fold increases in natural gas prices in Europe. Engie also looks at the recent energy crisis and notes, “Given inelastic demand and no scope for switching to coal to produce electricity, volatility should remain high.”20 They also noticed that demand is unlikely to be affected by the price of oil. With constantly growing global energy needs and no current viable large-scale non‑carbonated energy source, it is safe to assume that energy demand will remain inelastic to the price. That is to say that no matter the price, people will want to heat their homes and drive their cars. The idea is that industries and individuals might simply consume fewer other goods but will never cut back on energy. And since oil and gas are among the widest available and most efficient energy types, it is unlikely that they will diminish. With such a view, carbon taxes are not likely to affect the demand for oil and gas (though it might affect demand for coal, as seen in the previous point). This could explain why fossil fuel companies do not see carbon taxes as a threat in the medium to long term. 4.3. Level playing field

#### Carbon wealth taxes fail – kill green investment, evasion, and circumvention

Khodadadi 24 [Amir H. Khodadadi, lecturer in industrial economics and as an urban economics analyst with a bachelor's degree in industrial engineering and a master's degree in economics of development and planning from Science and Research University in Iran, 10-29-2024, "How a Wealth Tax Could Finance Climate Action", Earth.Org, https://earth.org/how-a-bold-tax-on-the-ultra-wealthy-could-address-climate-changes-financial-crisis/]/Kankee

As the climate crisis accelerates, the costs of inaction are scaling sky-high. Devastating wildfires, floods, and rising sea levels are inflicting a heavy financial burden on governments around the world. Traditional ways of financing climate action, from carbon taxes to increased borrowing, have proven either inadequate or unpopular. Wealth tax has become a radical solution to this notion, with proponents arguing that it can redistribute wealth and directly finance environmental projects. Critics also argue that wealth tax will have a host of self-defeating side effects, such as undermining the fight against climate change, whereby a wealth tax deters investment in green technologies and persuades the wealthy to flee into tax havens, reducing available capital to tackle the climate. Critics also point out that imposing a wealth tax might be too impractical or not administratively enforceable. Therefore, they would raise less revenue than could be used in climate action. This debate on wealth tax as a mechanism for funding climate action underlines the complex interplay between environmental policies, economic considerations, and social equity. This result could have significant repercussions for how the globe thinks about future mechanisms of climate finance and the redistribution of wealth, potentially reinforcing efforts on climate change and economic inequality. Further, by financing climate action, wealth taxes could be instrumental in bringing changes in global economic dynamics concerning investment patterns, flows of capital, and efficiency in environmental policy. Such development may reshape international strategies of climate finance and the distribution of wealth and carry significant spillovers for the capacity of the global community to handle both climate change and economic inequality. Why We Should Care About a Wealth Tax In addition to the stark economic issues that wealth inequality presents, there is also an environmental base for the argument. The wealthiest are responsible for a disproportionate amount of global carbon emissions through their high-consumption lifestyles, private jets, and investments in polluting industries. Proponents say that a wealth tax could hold the wealthy accountable for their environmental impact, while raising substantial funds to invest in green technologies, renewable energy, and climate resilience. The wealth tax to take action on climate change may have a deep impact; it can revolutionize environmental policy and the distribution of wealth worldwide. The effect of such a tax could not only raise substantial funds for climate initiatives but also tackle the disproportionate environmental damage caused by the ultra-wealthy, thus probably opening a path toward a more just and sustainable future. It could set a precedent in linking economic and environmental policies, inspiring similar measures around the world while readjusting the landscape of climate finance and social equity. Opponents note, however, that it is a monumental administrative undertaking since valuation for things like art collections and privately held companies is very complex, and enforcement costs can deeply cut into the revenue brought in. The other risk is that, over time, the politically powerful rich work to erode or water down that tax in ways that make it ineffective. Critics argue that a new tax on ultra-rich people to fund climate programs would bring its own set of unintended consequences, including less domestic investment, to hurt economic growth and job creation. They further argue that this may not be an efficient way to tackle climate change because its sources are systemic, requiring wider policy solutions without hitting one segment of the population. Other economists warn that taxes will drive away entrepreneurship and innovation, which are the bases necessary for the development of new technologies and solutions against climate change. Global Examples: Successes and Lessons Learnt Countries such as Norway and Sweden have been quite successful in imposing wealth taxes. Their respective models are often referred to when debates on the ultra-wealthy and how to tax them without deterring economic growth are engaged. They have been able to utilize this wealth to benefit one another by engaging in public services and, at times, funding environmental projects. Nevertheless, critics say their results might not be replicable in larger and more diverse economies: the populations in Scandinavian countries might be small, with much better levels of social trust and welfare systems already established. Some economists further argue that these wealth taxes indirectly contributed to slower economic growth and lower entrepreneurship in these countries than would otherwise have been possible. We also see examples of how things can turn out wrong with a wealth tax. France’s experiment with wealth taxes led to a significant flight of capital, as many of its wealthiest citizens relocated to tax havens. Critics may indicate that this is evidence of the ease with which wealth can flee across national borders, making it difficult to capture worldwide. Most probably, wealth tax would need to be coordinated internationally, a task not easily realized in today’s competitive global economy. The potential consequences of introducing such a measure provide a background on how intricate it can be to make adequate policies of wealth tax amidst an integrated world economy. The challenges of different nations bring into focus international cooperation to tackle inequality in wealth, a consensus that is hard to achieve. Challenges: Implementation, Evasion, and Fairness The benefits of a wealth tax are obvious: billions in revenue could be channeled into clean energy, reforestation, and environmental protection. The challenges, however, are similarly huge. The most pervasive argument put forward is one of tax evasion: the rich have a long list of financial tools and overseas accounts with which to hide their assets from such taxation. Although difficult to implement and sustain, innovative taxation models need to be explored in an attempt to engage in global environmental concerns and sustainable development. In the unlikely event that a wealth tax was used to finance an environmental program, strong measures against tax evasion would be a prerequisite for its success. Such measures would include coordinated international efforts, a lift of banking secrecy, and tight control over foreign accounts. Lastly, such a tax must, above all, be fair; it should not burden some industries or persons while exempting others from fulfilling their obligations. Others feel that the problem could be overcome by international cooperation. In a harmonized system where countries collaborate on shutting the loopholes and implementing policies of wealth tax, governments could avoid the rich concealing their wealth abroad. Global coordination is, however, the biggest challenge, and critics milled the one question that did arise on whether international taxation agreements would work in the real world. Further, some critics say that international cooperation in tax policy is both idealistic and highly impractical, considering how different the economic interests and legal ways are in different countries. They further assert that such agreements would either face opposition from influential nations or influential people who would try to find a way out of the agreement to make it ineffective. Aside from this, critics point out that even if a single approach is agreed upon, it may be very difficult and costly to enforce the same across the border. There is, however, the equity issue. The taxation of the rich, though sounding quite appropriate, would discourage entrepreneurship and innovation. Or, the more the burden of taxes on ultrarich people, the more they will be hesitant to invest in enterprise businesses. This would certainly have huge implications for economies. There is also the additional complicating factor of determining who the tax should be levied upon and at what rate. Should the tax be imposed upon billionaires alone, or should millionaires be included too? The right balance must be struck to make it fair but effective; some are very apprehensive that the broadness of the tax may hurt small business people and investors. This may dampen economic growth and innovation by discouraging investment and entrepreneurship because high-income earners would bear the increased tax burden. This, in turn, might reduce opportunities for employment and the rate of technological progress, ultimately affecting not just the ultra-rich but the general population. It is such taxes that have to be carefully brought in so that their objectives are realized and not at the cost of wider unforeseen detriments to the economy and society at large. A Path Forward: Unlocking Green Potential If well-designed, wealth taxes could unlock new funding for climate action. Progressive wealth taxes – in other words, the larger the fortune, the higher the rate – could ensure fairness in the tax burden. Giving further incentives for green investments would also align the incentives of the wealthy with global climate objectives. Not only is this a progressive approach to addressing wealth inequality but it also creates avenues for channeling resources to urgent environmental priorities. Critics also claim that the wealth tax would dull economic growth and innovation because it may generally discourage investments and specifically entrepreneurship. They further indicate that any resulting risk of capital flight could be reduced by wealthy individuals liquefying their assets and transferring these to more tax-friendly countries. The opponents further argue that the administrative costs and complications of implementation and enforcement could offset assumed benefits for funding climate action. Critics of the latter approach think that incentives for green investments would weaken incentives of the wealth tax by introducing too many loopholes. If the wealthy are allowed to reduce their tax burden with eco-friendly investments, some might question whether the tax will garner the revenue it needs. Another risk is that revenues from a wealth tax might not be hypothecated by governments to environmental programs but instead dissipated in other budgetary uses. In turn, advocates of a green tax on wealth may argue that many of these concerns are overblown and that prudent tax policy design can balance the two goals of revenue raising and green incentives. Even if the wealthy shield some of their tax liability through green investments, a green wealth tax is an important environmentalist and economic strategy. Incentivizing green actions has value on its own terms, whatever the tax advantages. Can Wealth Taxes Spur Climate Action? There is little mistaking the potential of the wealth tax to serve as a financial engine for environmental initiatives. Theoretically, a properly designed wealth tax could redistribute wealth and underwrite everything from renewable energy infrastructure to strategies for climate adaptation. Reality, however, is a good deal trickier. As attractive as it is from those standpoints, using a wealth tax for climate action raises some very thorny questions about equity, effectiveness, and possible unintended consequences that will need to be thoughtfully weighed. There are, however, major issues with the implementation of a wealth tax. On the one hand, proponents tout wealth taxes as a means to foster climate action. On the other hand, critics confront them with the argument that such a tax will choke innovation and investment in green technologies by tying valuable capital up in the hands of a few wealthy individuals and corporations. Because of this, opponents argue, wealth taxes could choke off broader economic growth and reduce the pool of resources available for climate mitigation and adaptation. Other scholars suggest that market-oriented measures offer a less disruptive alternative to wealth taxes in pursuit of sustainable climate policy: carbon pricing or other incentives targeting investments in clean energy. While a wealth tax can provide the much-needed financing for the green revolution, it has to be wisely designed and brought in because potential side effects may appear. With an appropriate global framework in place and a crystal-clear commitment to funding climate action, wealth taxes could be a game changer in the fight against climate change. The idea is bold, yet shortcomings might occur if proper safeguards are not considered and collaboration on the international plane is absent. Any wealth taxes applied to help pay for the programs aimed at combating climate change may very well have a profound, long-lasting effect on worldwide economic dynamics and environmental progress. To the degree that such taxes can yield considerable funding for initiatives in green technology, they may be pulling down overall economic growth and, with it, the very initiatives they aim to help. Full consideration of alternative market-based solutions and international cooperation must be underlined to properly balance finance raising for climate action with economic stability.