



Exploring the Consequences of Banning Billionaires: Methods, Impacts, and Considerations

Sambhav Maloo
maloosambhav@gmail.com

Date of Submission: 04-09-2023

Date of Acceptance: 15-09-2023

ABSTRACT: The widening income gap, as highlighted by the 2022 International Monetary Fund report, has sparked debate on whether billionaires should be banned or heavily taxed. In a world where the richest 10% possess over half of the global income, the call for action against extreme wealth inequality has gained momentum. Advocates argue that heavily taxing billionaires could redistribute wealth, fund welfare policies, and promote fairness, whereas opponents contend that such measures might hinder innovation and economic development. This study delves into the multifaceted arguments surrounding this contentious issue. Evaluating the potential consequences of banning billionaires through taxation, addressing income and wealth inequality, considering the impact on innovation and philanthropy and exploring an alternative approach to banning billionaires by tackling unjust monopolies and exploitation, emphasizing the importance of strict anti-monopolization laws and regulations against exploitative practices

KEYWORDS: Billionaires, banning billionaires, wealth inequality, taxation, monopolies, exploitation.

I. INTRODUCTION

The International Monetary Fund's 2022 report has shown that the richest 10% of the world have more than half of the world's income, while millions live in abject poverty [1]. This staggering inequality has caused many to believe that billionaires should be banned, with some billionaires, such as Bill Gates, believing that billionaires should be taxed more. Many politicians claim that every billionaire is a policy failure. However, this argument is multifaceted: some argue that banning billionaires can reduce development, innovation, and philanthropy. This raises a serious question: What would happen if billionaires were banned? To answer this question, it is vital to examine the methods that

can be used to ban billionaires and analyze their effects

II. EFFECT OF BANNING BILLIONAIRES THROUGH TAXES

One way to abolish billionaires is to tax them heavily until they cease to exist. The main idea behind this was to take money from the ultra-rich in the form of taxes and use it to benefit the poor. There can be both negative and positive impacts from doing so. Inequality is a major global problem, and the wealth gap between the rich and poor is increasing daily. Taxing can help redistribute wealth from the richest to the rest of the world, and the money gained by taxes can be used to create welfare policies. Hence, if we ban billionaires, we could address the problems of income and wealth inequality. Another consequence of banning billionaires can be explained through libertarianism, which believes that it is morally wrong for a select few to have so much money and so many resources—more than they could possibly use—while others barely have enough to survive. Those who believe in libertarianism claim that economic inequality is akin to economic pollution and should be taxed like pollution; by doing so, it is possible to create a society of fairness [2]. Money generated by banning billionaires can be used by governments to improve education, which could aid in skill development and lead to better job opportunities and an overall improvement in quality of life. Additionally, increased tax revenue could help governments create better infrastructure. Proponents of banning billionaires argue that extreme inequality damages social cohesion, creates injustice, and reduces development. This problem can be resolved by banning billionaires. Many also claim that billionaires do not drive economic growth; thus, banning them would have no consequences [3]. However, it can also be argued that the money gained by taxing billionaires is not necessarily used to help those in need. Many governments currently do not



use the majority of tax revenue to do so, and there is no evidence that higher taxation of billionaires will change the distribution of government spending [4]. For example, in 2022, global military expenditure reached a record high of \$2240 billion [5]. Banning billionaires through taxation can have significant negative economic ramifications. Many billionaires accumulate wealth through innovation and, if not, invest in it, meaning that billionaires are important for innovation. Owing to high taxes, it could become harder to find investment in innovation, and the incentive for innovation will also decrease [6]. Higher taxes can stymie development, and there are a few examples. When Elon Musk sold PayPal, he received 180 million dollars after tax; of this, 100 million dollars were pumped into SpaceX and 80 million dollars into Tesla. Essentially, all the money received from PayPal was used to fund SpaceX and Tesla, and in 2008, both of these companies went bankrupt and barely survived. If taxes were higher when Elon Musk sold PayPal, he would have had less money to invest in SpaceX and Tesla, which means that these companies could have gone bankrupt and the innovation they brought would not have existed. If taxes were higher, it would also have been harder for Amazon to become a large company [7].

While most ultra-rich people do not engage in substantial charitable projects, they still help society through investments and innovation. Hence, if we ban billionaires, we would greatly reduce economic development and deal a huge blow to innovation, which means that banning billionaires can cause much more damage than not banning them. Another factor that should be considered is philanthropy. Many billionaires donate large sums of money and use their resources to solve various problems. For example, Mark Bloomberg donated over 14.4 billion dollars in his lifetime. This shows that, instead of heavily taxing all billionaires, it is better to provide tax benefits to billionaires that engage in philanthropy or aid in development [8].

One major argument put forward by egalitarianism is that many of the ultra-rich obtain wealth through inheritance, and there is little to no inheritance tax. For example, in India, according to the Tax Act of 1961, no tax is levied on inherited assets [9]. If the inheritance tax is increased, it will not ban billionaires, but it will allow governments to get more funds for development. It is possible to create a system where tax will only have to be paid if the amount being inherited is significant; this can ensure that only the super-rich are affected. However,

most billionaires are self-made, so such a tax will not affect all billionaires.

Another possible way to ban billionaires is to issue a wealth tax. As the name suggests, this tax is based on overall wealth rather than income. The main idea behind this is that billionaires accumulate too much wealth over the years, leading to a disproportionate ratio between the wealth they own and the tax they pay. While some countries, such as India, have wealth taxes, others, such as the USA, do not. Wealth tax could be an effective way to ban billionaires, but a complete ban on billionaires through taxation would be devastating, as there must be entrepreneurial rewards to motivate entrepreneurship.

III. EFFECT OF BANNING BILLIONAIRES BY BANNING UNJUST MONOPOLIES AND EXPLOITATION

“No one ever makes a billion; you take a billion” is a quote by Alexandria Ocasio-Cortez that illustrates that many billionaires gain their money not by hard work but by exploitation. Hence, instead of banning all billionaires through taxes, which can have many negative impacts, it would be better to ban exploitation and unjust monopolization.

One way billionaires amass wealth is by creating unfair monopolies, in which they singularly control a specific market or industry. Therefore, small businesses are unable to grow because they are subjected to anti-competitive practices. Additionally, monopolies tend to cause a spike in the price of products, as companies with no competition do not have to worry about prices [10]. One example is Microsoft, which, in the 1990s, exhibited anti-competitive behavior and tried to monopolize the personal computer market. Using its dominant position in the market, Microsoft stifled the development of other operating systems, which did not allow new businesses to flourish and caused the downfall of various companies, such as Netscape. Microsoft was sued for its practice, but the damage had already occurred [11]. One effective way to ban billionaires would be to create strict anti-monopolization laws, which would increase development instead of reducing it.

Another example of unfair exploitation is Amazon. While Jeff Bezos makes billions from Amazon, workers who are essential to Amazon receive the bare minimum. It can be argued that Jeff Bezos obtained wealth not from his own hard work but from the hard work of countless others. Creating



strict laws against exploitation and monopolization can greatly help society. Although it would not ban billionaires, it would certainly reduce their wealth and mitigate the damage caused by billionaires while improving conditions for workers and small businesses.

Abolishing extreme wealth will have not only social and economic effects but also environmental ones. The richest 1% are responsible for more than twice as many carbon emissions as the 3.1 billion people who make up the poorest half of humanity during a critical 25-year period of unprecedented emissions growth [12]. These statistics clearly show that billionaires cause significant damage to the environment, either through unsustainable habits and behaviors or by supporting and funding unsustainable practices such as mining for fossil fuels. According to a report by Oxfam, billionaires emit 393 million metric tons of CO₂ annually, which is equivalent to France's emissions [13]. These carbon emissions and damaging actions have caused many problems, such as climate change, global warming, and the loss of biodiversity. If billionaires were banned by preventing, or at least discouraging, activities that harm the environment, there would be many positive ecological impacts, including reduced carbon emissions and climate change.

There are several ways to ban billionaires that exploit nature, such as by punishing unsustainable habits, discouraging unsustainable investments, and incentivizing investments in green technologies. Investment taxes can be used to achieve this goal. An investment tax must be paid when investing a large sum of money. It is possible to significantly increase the investment tax for environmentally damaging industries, such as fossil fuels, and reduce the investment tax on green technologies [14]. If we ban the accumulation of wealth through the exploitation of nature, we can protect the environment [15].

IV. EFFECT OF BANNING BILLIONAIRES BY REDUCING THEIR INFLUENCE ON POLITICS AND MEDIA

Billionaires usually have a great deal of influence on both the media and politics. For example, Jeff Bezos purchased the Washington Post, while Time was bought by Marc Benioff [16]. However, this control method can lead to several problems. Proponents of banning billionaires argue

that their control over media and politics plagues democracy and puts too much power in the hands of a select few. The ownership of media companies can affect journalism. For example, DNAinfo, a news source, was shut down by billionaire Joe Ricketts after its workers were unionized. Stealth politics is another way that billionaires gain political power. Curbing the influence of billionaires on politics will reduce inequality and give citizens more power. To achieve this, it is possible to create strict transparency measures and regulations regarding politics and political donations, limiting the amount of money that can be donated to political campaigns, promoting citizen activism and participation to give more power to citizens, and creating regulations regarding media ownership and promoting independent and diverse journalism to ensure freedom in media and journalism.

V. CONCLUSION

If billionaires were banned, there would be several positive and negative impacts, depending on the method employed to ban billionaires. Using taxes to ban billionaires can reduce wealth inequality, redistribute wealth, and provide governments with extra funds to create welfare policies. Simultaneously, it could also reduce investment and innovation, as entrepreneurial rewards must be provided to promote entrepreneurship. In addition, banning billionaires through taxes can foster development. Hence, banning billionaires by increasing taxes creates economic problems and reduces innovation. However, taxes are not the only means to ban billionaires. It is possible to abolish unjust monopolies and exploitation, which would significantly reduce the wealth of billionaires and benefit society by promoting small businesses and providing workers with better conditions. Another way to ban billionaires, or at least reduce their wealth, is to curb their influence on politics and the media. This would increase freedom of speech and transparency. A complete ban on all billionaires would have negative ramifications; however, a systematic ban on unjust methods employed to make a billion would be beneficial to society as a whole.

REFERENCES

- [1]. "Global Inequalities." IMF, 1 Mar. 2022, www.imf.org/en/Publications/fandd/issues/2022/03/Global-inequalities-Stanley.



- [2]. “What Could the US Afford if It Raised Billionaires’ Taxes? We Do the Math.” The Guardian, 13 Dec. 2019, www.theguardian.com/us-news/2019/dec/13/billionaires-taxes-inequality-one-percent.
- [3]. Svejnar, Jan. “No, Billionaires Don’t Drive Economic Growth— and Crony Billionaires Strangle Iby | Jan Svejnar.” The Guardian, 15 July 2015, www.theguardian.com/commentisfree/2015/jul/15/billionaires-drive-economic-growth-crony.
- [4]. Georgescu, Peter. “Don’t Blame Billionaires for Being Rich; the System Is the Villain.” Forbes, 17 June 2021, www.forbes.com/sites/justcapital/2021/06/17/dont-blame-billionaires-for-being-rich-the-system-is-the-villain.
- [5]. “Largest Military Spenders Worldwide 2022 | Statista.” Statista, www.statista.com/statistics/262742/countries-with-the-highest-military-spending.
- [6]. Flanigan, Jessica, and Freiman Christopher. “Wealth Without Limits: In Defense of Billionaires.” *Ethical Theory and Moral Practice*, vol. 25, no. 5, Springer Science and Business Media LLC, Nov. 2022, pp. 755–75. Crossref, doi:10.1007/s10677-022-10327-3.
- [7]. “Abolishing Billionaires Would Be a Really Bad Idea. Here’s Why.” The National Interest, 8 Mar. 2020, nationalinterest.org/blog/buzz/abolishing-billionaires-would-be-really-bad-idea-heres-why-130122.
- [8]. Block, Fang. “America’s Top 25 Billionaires Gave \$27 Billion in 2022, Outpacing Previous Years.” *America’s Top 25 Billionaires Gave \$27 Billion in 2022, Outpacing Previous Years | Barron’s*, 24 Jan. 2023, www.barrons.com/articles/americas-top-25-billionaires-gave-27-billion-in-2022-outpacing-previous-years-01674598791.
- [9]. “A Detailed Guide to Tax on Inheritance in India | HDFC Life.” *A Detailed Guide to Tax on Inheritance in India | HDFC Life*, 22 Oct. 2022, www.hdfclife.com/insurance-knowledge-centre/tax-saving-insurance/tax-on-inheritance-all-you-need-to-know.
- [10]. “What Is Anti-competitive Practice? | Definition From TechTarget.” *WhatIs.com*, 1 Apr. 2019, www.techtarget.com/whatis/definition/anti-competitive-practice.
- [11]. “Microsoft Antitrust Case.” Corporate Finance Institute, corporatefinanceinstitute.com/resources/management/microsoft-antitrust-case.
- [12]. “Carbon Emissions of Richest 1 Percent More Than Double the Emissions of the Poorest Half of Humanity | Oxfam International.” *Oxfam International*, 23 Sept. 2020, www.oxfam.org/en/press-releases/carbon-emissions-richest-1-percent-more-double-emissions-poorest-half-humanity.
- [13]. “Carbon Billionaires: The Investment Emissions of World’s Richest People - World.” ReliefWeb, 7 Nov. 2022, reliefweb.int/report/world/carbon-billionaires-investment-emissions-worlds-richest-people.
- [14]. “Big Oil and Gas Kept a Dirty Secret for Decades. Now They May Pay the Price.” The Guardian, 30 June 2021, www.theguardian.com/environment/2021/jun/30/climate-crimes-oil-and-gas-environment.
- [15]. “How Can We Stop the Super-rich From Polluting the Planet? – DW – 01/02/2023.” *dw.com*, www.dw.com/en/rich-people-billionaires-emissions/a-64146449.
- [16]. Owliaei, Negin. “It’s Time To Ban the Billionaires.” *People’s World*, 14 Nov. 2019, www.peoplesworld.org/article/its-time-to-ban-the-billionaires.

FUNDING

No external funding

CONFLICTS ON INTEREST

The authors declare no conflict of interest