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Even the rich aren't rich enough to save us

Solving social problems requires more than confiscating wealth from billionaires

By James M. Hohman | July 2023

Many people think that billionaires are America's biggest problem, and that all the nation's problems would be over if we just took their money. President Biden proposes taxing individuals based on their unrealized gains on investment returns.

"It's about time the super-wealthy start paying their fair share," Biden said at a recent union rally. There are many Americans who share Biden's apparent belief that the government must take more money from the rich. Sen. Bernie Sanders seems to be sincere in his quest to cast billionaires as society's villains and confiscate more of their wealth.

If it were a matter of resources, the United States would have solved all of its problems already. The accumulated lifetime wealth of the nation's richest citizens is little compared to the current spending of the federal government. The same is true for state and local governments too.

Federal, state and local governments have immense resources at their command to address society's problems, and punishing the wealthy won't do much to change that.

Biden's latest budget calls to spend \$5.8 trillion next year. Elon Musk, the second wealthiest person in the world and poster boy for the unfairness of wealth inequality, could afford less than two weeks of federal government operations with all of the net worth

he's accumulated over his career.

And that's just the federal government. State and local governments spend additional billions.

Consider that Michigan's state and local governments collect about \$42 billion in taxes annually. Michigan's billionaires have a total net worth of \$29.1 billion, per this analysis of Forbes data. If lawmakers confiscated every penny from all of the state's billionaires, they wouldn't have enough to fund the government for a single year. Or to put it another way, Michigan's governments collect more in a single year than the entire lifetime wealth of its billionaires.

The people asking billionaires to solve the world's ills ought instead to ask their own representatives. It's a better play, too. There is more money at the disposal of governments, elected officials are accountable to their constituents and seek to pass popular policy.

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Billionaires, on the other hand, do as they wish with their money, just like any other citizen.

If it were just a matter of spending enough to solve society's problems, American governments could already do far more than the nation's billionaires. Society's problems, however, are not a result of a lack of resources. Problems persist despite governments putting billions into well-intentioned programs.

Decades ago, lawmakers created programs to feed people who cannot afford to buy food. Food insecurity persists. Policymakers make gender and racial discrimination a criminal offense, but this type of discrimination still exists. Medical care has become less affordable since Congress passed the Affordable Care Act.

These issues are complex, and, at best, devoting more resources to them is only a piece of the puzzle. And governments are not as powerful to fix these issues as they might seem. Their programs can be undermined. People sell food stamps for the things they really want. The social taboo about sharing how much you make may hide pay gaps based on prejudice. Increased government payments into a medical system with escalating costs ensures the cost escalator runs faster.

It's not hopeless, though. Progress has been made on large, complex problems in society, and more is being made right now too. Philanthropists, civil society, policymakers and our efforts as individuals can improve matters, but the work is slow and requires persistent effort. More government spending is no substitute for the insight and grit needed to make progress on these types of issues. Simply put, the

problems society faces haven't been solved and won't be solved if governments just spend more.

Philanthropists try to solve big problems and make the world a better place with their wealth. They typically find that their efforts are more effective when they invest in people who have new ideas on how to address a problem from a different perspective. While they sometimes coordinate with public institutions, philanthropists find that there are better ways to solve the problems they care about than spending more on programs that governments have already created.

The false belief that all the world's problems can be solved if only billionaires paid more in taxes is not going away any time soon. Progressives will continue hammering on the point even when the math doesn't work out, because they're too dug in on wealth inequality to recognize the immense resources of American governments. Anyone else, however, should take a more sober approach.

People could make better progress on society's problems if they gave up the weird belief that billionaires can solve everything. There are real people who care about these issues and work hard to make things better. Progress requires time, understanding, broad societal coalitions and hard work. It's not just spending more of other people's money.

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