Originally published in The Bigger Picture, hosted on Medium.com

Quit Talking About Philanthropy

And start talking about taxes — the solution to wealth concentration is on the tip of your tongue

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Published in The Bigger Picture · 4 min read · Jan 12, 2021

Rutger Bregman lambasts Davos billionaires for not paying their fair share in taxes. (Photo by Sikarin Fon Thanachaiary)

At the 2019 World Economic Forum, a daring historian berated the rich in the audience for not paying their taxes. Then, he went viral.

Although popularly known as the scourge Davos, Rutger Bregman is perhaps most famous for his work *Utopia for Realists*, a manifesto for universal basic income and a world without borders. His little spiel at the conference really stung the rich where it hurts, as he showed the world in a televised panel that they talk the talk but don't walk the walk.

The WEF is an elite networking event that gathers up the world's most powerful leaders in Davos, a small ski town in the Swiss Alps. Its mission is to engage the "foremost political, business, cultural, and other leaders of society to shape global, regional and industry agendas." Every year in January, diplomats, CEOs, billionaires, and prominent thinkers fill up the world's most luxurious business shindig on the premise of solving the planet's greatest challenges.

One such challenge? Economic inequality.

"I hear people talking about the language of participation, justice, equality, transparency. But almost no one raises the real issue of tax avoidance and of the rich just not paying their fair share. It feels like I'm at a firefighters conference, and no one's allowed to speak about water."
— Rutger Bregman

Bregman openly suggested that to prevent a social backlash against the way things are right now, that is, extreme levels of inequality world-round, the rich need to quit talking about philanthropy and start talking about "taxes, taxes, taxes—all the rest is bullshit."

Despite taking on the identity of Davos' secret hero, he didn't exactly receive a standing ovation. In fact, the audience's reaction was quite aggressive. He definitely struck a chord.

About three in five American adults agree the country has too much economic inequality. How is that fair in a country that prides itself on its economic supremacy?

In essence, taxes and economic inequality are interdependent organisms on which many of the world's issues piggyback. Proper taxation is the basis for democracy, and when everyone dances around it, improving education, reversing climate change, and addressing gender, racial, and ethnic discrimination all become distant dreams. Philanthropy, a clean-up job for government-made messes, won't cut it anymore. We've got to get our hands dirty and start talking about taxes.

Alexandria Ocasio-Cortez has famously been advocating a 70 percent top marginal income tax rate. Under her proposal, Americans making more than $10 million a year would pay 70 percent on any income exceeding that threshold.

Now, her proposal may shock you in a country like the United States. But sharply progressive taxation is actually an American invention. Once upon a time, the marginal tax rate was just over 90% for the very rich. That was way back during the golden age of capitalism, a period of unprecedented growth in the 1950s. And now? The highest tax bracket is down to a whopping 37%. No wonder the absurd income disparities in the country.

Still, even if AOC's proposal ever made it through all the red tape, it wouldn't reverse inequality. Why? Because income doesn't tell the whole story. We have to look at the bigger picture: wealth.

Typically, the ultra-wealthy can easily escape income taxes. It's not even their fault. Well, not always, at least. They simply don't make much money in the form of earnings; most of their money is tied to assets instead. Think stocks and bonds, farmland, art, and all that fun stuff. For years on end, their money just sits there, growing and growing, unhindered and untaxed. While we commoners give away a chunk of our incomes to our governments, the rich keep getting richer without lifting a finger. Of course, lower earners then bear a disproportionate share of the tax burden.

We hear statistics about how the top 1% earn over 40% of the world's wealth. Or something along those lines. The pandemic only made matters worse. In October, a World Bank report predicted that as many as 150 million people are expected to slip below the extreme poverty line this year as a result of the pandemic. A sharp reversal of fortune in our society's collective progress indeed. Where can we even go from here?

Bregman proposes an extreme makeover to the taxation system: up inheritance taxes, introduce a strong wealth tax, and raise the top marginal tax rates. Then, cover the tax avoidance and evasion holes. It's a rather obvious solution, albeit one that no one likes to address—especially not the rich.

Two years have gone by since his rant went viral. Not much has changed in the system since then. If we want tangible changes in our communities, we have to quit talking about philanthropy and start talking about taxes. It's the only way to redistribute wealth.

One of Europe's most prominent young thinkers cast a spotlight on the solution to wealth concentration. It's about time we follow it. Maybe we can bring the American Dream back from the dead, not only in the United States but around the globe. Maybe we can finally start building a society where all life can thrive. Just maybe.