

## Who is brave enough to back Brazil's global tax on billionaires? The answer will define our future



**It would raise \$250bn to help offset some of the damage the super-rich cause. Yet they'll do everything to stop it in its tracks**

*George Monbiot Wed 31 Jul 2024 06.00 BST*

Who is government for? It's a question we should never stop asking. The answer that keeps coming back is "not the majority". For example, the first phase of the Covid-19 pandemic produced remarkably consistent polling results. [Repeated surveys](#) showed [fewer than 10%](#) of people wished to return to the pre-pandemic economy. The great majority wanted to see one good thing emerging from the trauma of the illness and the measures used to address it: a fairer, greener, kinder economic system.

But the Conservative government had other ideas. It announced what then prime minister Boris Johnson called a "[significant return to normality](#)". His normality, of course. The structure of the Covid bailouts ensured that the [big banks gained massively](#), often at the expense of small businesses. Executive pay and dividends for shareholders soared, while lowlier workers lost incomes and livelihoods.

I think we are all either vaguely or painfully aware that, regardless of changes of government, our needs will be met only if they coincide with the demands of capital. If they run directly counter to those demands, however great and consistent our wishes might be, they scarcely stand a chance.

The response to the pandemic was one test of that proposition. Now the world's governments face another. Last week, Brazilian climate minister Ana Toni explained a proposal put forward by her government (and now supported by South Africa, Germany and Spain), for a [2% global tax](#) on the wealth of the world's billionaires. Though it would affect just 3,000 of

the super-rich, it would [raise around \\$250bn](#) (£195bn): a significant contribution either to global climate funds or to poverty alleviation.

Radical? Not at all. According to calculations by Oxfam, the wealth of billionaires has been growing so fast in recent years that maintaining it at a constant level would have required an [annual tax of 12.8%](#). Trillions, in other words: enough to address global problems long written off as intractable.

You would need to perform Olympian mental gymnastics to oppose Brazil's very modest proposal. It addresses, albeit to a tiny extent, one of the great democratic deficits of our time: that capital operates globally, while voting power stops at the national border. Without global measures, in the contest between people and plutocrats, the plutocrats will inevitably win. They can extract vast wealth from the nations in which they operate, often with the help of government subsidies and state contracts, and shift it through opaque networks of shell companies and secrecy regimes, placing it beyond the reach of any tax authority. This is what some of the [global "investors"](#) in the UK's water companies have done. The money they extracted is now gone, and we are left with both the debts they accumulated and the ruins of the system they ransacked. Get tough with capital, or capital will get tough with you.

The Brazilian proposal, which will be put before the [G20 summit in Rio](#) in November, [has already been dismissed](#) by the US treasury secretary, Janet Yellen, who suggested there was no need for it. On whose behalf does she make this claim? Not ours. Wherever people have been surveyed, [including in the US](#), there is [strong support](#) for raising taxes on the rich.

In the two years following the start of the pandemic, the world's richest 1% [captured 63% of economic growth](#). The collective fortune of billionaires rose by [\\$2.7bn a day](#), while some of the world's poorest became poorer still. Between 2020 and 2023, the five richest men on Earth [doubled their wealth](#).

Billionaire wealth impoverishes us all: astonishingly, each of them produces, on average, a [million times more carbon dioxide](#) than the average global citizen in the bottom 90%. Billionaires are a blight on the planet.

Yet, because they are the true citizens of nowhere, shifting their wealth and residence between jurisdictions, they pay far lower levels of tax than the most downtrodden of their workers. Oxfam has calculated, using records unearthed by the investigative journalists ProPublica in 2021, that [Elon Musk pays a "true tax rate" of 3.27%](#), and Jeff Bezos less than 1%. Falling tax rates and the clever workarounds designed by the lawyers and accountants serving the ultra-rich help to explain the growth of their fortunes.

Wealth that could otherwise support public services and public wellbeing is siphoned out of nation states. As the global rich accumulate ever greater economic power, and find ever more inventive ways to evade democratic restraint, they become more potent than many governments. There's a word for this: [oligarchy](#). Some of them use this power to demolish democratic safeguards. To give one example, they have lobbied successfully to pull down the [rules and caps on campaign finance](#), until, in some nations, they appear to wield more influence over elections than the electorate.

Offshore capital has become a new colonial power, colonising rich and poor nations alike. It owes no allegiance, it has neither political nor moral boundaries. Loyalty flows only in the other direction: states quake before it, and rush to meet its demands. If you challenge these governments, they will tell you that if we don't give capital what it wants, it will migrate to a state that will. A global race to the bottom beggars everyone except the oligarchs.

During the Keynesian era, roughly 1945-1975, governments sought to contain this force, using capital and foreign exchange controls. But multimillionaires and corporations soon discovered how to break that containment, then buy their way out of further restraints. The UK, above all other countries, has enhanced its undemocratic power by allowing the City of London and its satellites to become the [world's leading money launderer](#), disguising both the origins and the destination of ill-gotten wealth. With London's help, capital migrates ever further out of political reach.

Every so often, UK governments [promise to act](#), then deliberately vitiate their own proposals [with loopholes](#) wide enough to contain an oligarch's mansion. When poorer countries [propose global initiatives](#) to prevent the ultra-rich from escaping taxation, rich nations, including the UK, [have sought to stop them](#). They do so not in response to public demand, but in response to pressure from a tiny proportion of the population – billionaires, the newspapers they own and the [concierge class](#) that works for them.

So here's the test the G20 governments face: 3,000 versus [8 billion](#). Do their loyalties lie with 0.00004% of the world's population, or with the rest? If your government seeks to block the Brazilian proposal, you will have your answer.

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