ENOUGH: WHY IT'S TIME TO ABOLISH THE SUPER-RICH

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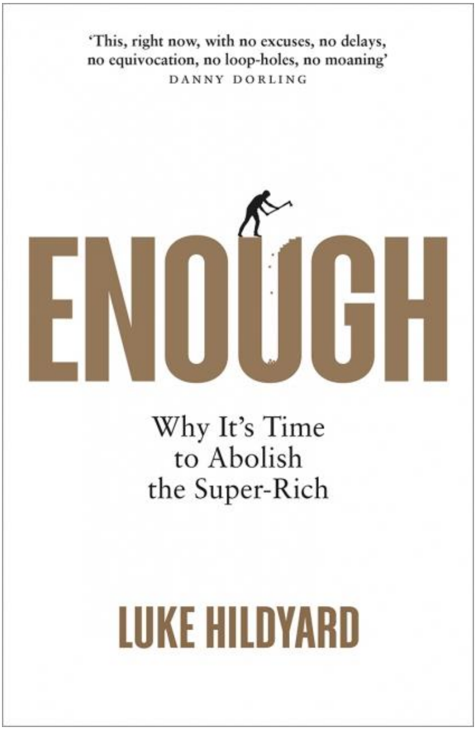
Hildyard, Luke (2024) *Enough: Why It's Time to Abolish the Super-Rich*, London: Pluto Press.



Issue 40 of *Policy and Practice* is on the theme of class as a determinant of social status, life opportunities and expectations, and level of economic income and wealth. In an era increasingly characterised by culture wars and a pre-occupation with identity, the role of class in either opening or closing doors to higher education, employment, housing and a comfortable retirement is often overlooked. As the Joseph Rowntree Foundation argues 'social class and processes of class reproduction remain important, particularly for the continuity of poverty over time and across generations' (Shildrick and Rucell, 2015: 1). The post-Cold War era of globalisation was to herald a classless society driven by market-led solutions to poverty and inequality. Frances Fukuyama famously argued that we were witnessing post-1989 the end of history having reached our ideological endpoint and exhausted 'viable systematic alternatives to Western liberalism' (1989: 1). But time and again since that 'endpoint', we have witnessed catastrophic failings by the liberal order, most notably the 2008 global financial crash, which exacerbated class inequalities 'with poorer people suffering worst and the middle classes squeezed while the income of the top 1% soared' (Harvey, 2020). Crises in capitalism hit the poorest hardest as we saw during the COVID-19 pandemic which the IMF (International Monetary Fund) acknowledged 'disproportionately hurt the poor, both within and across countries' (Dizioli, Andrle and Bluedorn, 2020).

So, class is still central to debates on poverty, inequality and injustice particularly in an era when global wealth inequalities between rich and poor have become so pronounced. The richest 10 percent of the global population currently receives 52 percent of global income, compared to 8.5 percent for the poorest half of the population. Global inequality is even greater when it comes to wealth with the richest 10 percent of the global population owning 76 percent of all wealth compared to just two percent for the poorest half (Chancel et al, 2022: 10). The post-Second World War period of 1945-1980 was characterised by shrinking inequality but the Reagan-Thatcher implementation of neoliberal economics from the 1980s onward triggered a period of rapid inequality between 1995 and 2021, with billionaire wealth soaring (Ibid: 3). It is this accelerating concentration and accumulation of extreme wealth in fewer hands and how we address it, that is the focus of Luke Hildyard's timely and persuasive polemic for a 'major re-balancing of income and wealth' (2024: 13). Hildyard is the Director of the High Pay Centre, a think tank that carries out research on 'economic inequality, employment rights and responsible business' (Ibid.: 1). He makes a compelling and entirely rationale argument for redistributing wealth from the super-rich to wider society and finds it extraordinary that 'there is no real discussion of rebalancing income and wealth significantly' (ibid.: 5).

The publication of *Enough* preceded the election of a Labour government in Britain in July 2024 which has accepted the previous government's economic rationale for austerity by withdrawing a winter fuel allowance for millions of pensioners (Behr, 2024). Labour has also maintained the Conservative government's 2017 application of a two-child benefit cap which cuts-off child-related social security support to 440,000 low-income families after the second child costing them £3,455 per child per annum (Raj, 2024). Human Rights Watch has described this policy as 'a needless, cruel rule that harms children and society' (Ibid). The Labour government cites fiscal rules, an inherited spending deficit and the need for financial probity as driving the need for these cuts, but there is another way. The Tax Justice Network (2024), for example, has proposed a suite of taxes on wealth and measures to close tax loopholes that could raise as much as £60 billion for public services and a more balanced economy. These are the kind of economic reforms set out in Hildyard's book that are not only costed but come with a high social value for the majority of citizens as a more balanced economy generates the revenue to invest in public services, welfare, housing and mitigation measures to address global heating.

The alternative, as Hildyard points out, is wage stagnation, record foodbank use, personal debt, record waiting lists for the National Health Service (NHS) and declining life expectancy rates. A startling statistic from the United States (US) is that 210,000 Americans died 'deaths of despair' in 2021 from alcohol abuse, drugs or suicide as the number of US citizens living in deep poverty was estimated at 20 million (Hildyard, 2024: 5). What cuts through the statistics in *Enough* is that citizens of the US, Britain and other so-called 'developed countries' are being fed a false dichotomy: we all need to tighten our belts and absorb the pain of austerity to get the economy back on track *or* the economy will stagnate, unemployment will rise, debt will accumulate and services will decline. This nonsense was de-bunked by the IMF in 2016 when it argued that austerity increased inequality and choked off growth (Ostry, Loungani and Furceri, 2016: 39). What is worrying from a political perspective is that alternatives to austerity and the case for greater fiscal targeting of wealth are not being presented to the electorate in most of the world's largest economies.

A slim volume of just six chapters, *Enough* begins with a clear presentation of current income and wealth inequalities with the top one percent in the UK receiving a pre-tax income of £183,000 that is seven times the median income which is half-way between the richest and poorest on the income distribution scale (Hildyard, 2024: 20). The top 0.1 percent of earners have an estimated income of £500,000 with 2,500 income tax-payers earning pre-tax incomes of £3.5 million (Ibid.: 25). The Chief Executive Officers (CEOs) of the one hundred biggest companies on the stock market receive a median salary of £3.9 million (Ibid.). And, at the very summit of income and wealth are billionaires; there are 171 in Britain and 735 in the US with the combined fortunes of the latter amounting to $4.5 trillion. This is not just a matter of economic injustice but one of existential crisis as the luxury lifestyles of the super-rich are accelerating the climate emergency and putting lives at risk. As Oxfam reports, 'the world's super-rich 1% are causing economic losses of trillions of dollars; contributing to huge crop losses; and leading to millions of excess deaths' (2024: 2). Another Oxfam report, *Survival of the Richest*, found that since 2020, the super-rich have captured two-third of all new wealth which is six times more than the bottom 90 percent of humanity (2023: 5). This is the result of stock market activity that drove up asset prices and wealth, particularly during the pandemic. The same report found that 1.7 billion workers worldwide have seen their wages over-taken by inflation, while billionaires have been increasing their fortunes by $2.7 billion a day (Ibid.: 4).

Chapter two of *Enough* presents data on the share of wealth and income captured by the one percent from the 1940s to the current decade in Germany, France, the US and UK. It shows their share of wealth declining to 15-20 percent until the early 1980s and then rising inexorably to as high as 35 percent in the US. It also discusses the potential benefits of redistribution and pre-distribution in transferring wealth from the rich to the poor. Redistribution includes progressive taxation measures that go directly to the poor in, for example, increased welfare payments or, indirectly, through the funding of public services free at the point of delivery. Pre-distribution is designed to stop inordinate amounts of money or assets reaching the wealthy in the first place by, for example, capping salaries or increasing the minimum wage. Strengthening the employment rights of workers through trade union membership is also key in ensuring negotiating rights and preventing casualisation or redundancy. Chapter three makes the economic case for equality by setting out the need for public investment in critical areas such as housing, climate, health and social care. This chapter quotes the University of Glasgow in directly relating cuts in services to 350,000 excess deaths in Britain between 2010 and 2018; a lost decade of austerity (Hildyard, 2024: 57). It also puts the price for the UK to reach net zero greenhouse gases by 2050 at £100 billion in investment beyond existing spending commitments (Ibid.: 55). There is a compelling moral as well as economic and environmental case for redistributing wealth and preventing the super-rich from evading taxation through the use of loopholes and tax havens.

Chapter four questions the mis-placed deference afforded the super-rich by governments and policymakers on the assumption that increasing their tax burden will result in capital flight and the loss of their business acumen and leadership. Hildyard argues that 'status, influence, expertise and intellectual stimulation' are all factors that incentivise the super-rich as well as money (Ibid.: 64). He rejects the timidity of policymakers when it comes to applying commensurate levels of taxation on the wealthy and suggests that the threat of emigration is exaggerated based on the example of Norway which introduced a wealth tax in 2022 (Ibid.: 68). He also cites a 'Patriotic Millionaires' campaign of super-rich individuals in the US who are committed to paying higher taxes for the betterment of society (Ibid.: 70). Just as the threatened emigration of the super-rich on the basis of higher taxes is often over-stated so is their capacity for hard work discussed in chapter five. Fifteen percent of the highest earners in the UK receive their wealth without working at all from share dividends and property portfolios. Top executives in leadership positions work an average of 60 hours a week but are highly remunerated and many of them have inherited their wealth or businesses and been privately educated. Moreover, many top companies such as Tesla have benefited from public money at critical stages of their development and receive public contracts often in dirty extractive industries such as mining, gas and oil. And, many completely incompetent CEOs have been royally rewarded for catastrophic failure including Fred Goodwin (RBS) and Dick Fuld (Lehman Brothers) who contributed to the financial crash of 2008 (Ibid.: 91).

Chapter six presents practical suggestions for changing the work cultures that regard executives as the drivers of business success based on returns to shareholders. The lack of recognition and adequate remuneration of workers could be addressed by electing worker directors on to company boards ensuring that employees have a voice at the highest level of decision-making. This would also help ensure that companies recognise trade unions and take seriously workers' concerns about wages and conditions. Worker share ownership and profit-sharing schemes could help to pre-distribute income and wealth, and recognise the critical role of workers to company success. It would also off-set the extreme concentration of wealth and dividend payments that prioritise shareholders and CEOs, and neglect workers. Another measure designed to re-balance wealth is a statutory maximum wage to reduce the excessive gaps between highest earners and the majority of workers. Some charitable organisations, like Christian Aid for example, have a CEO-worker salary ratio of 4 to 1 ensuring fairness and proportionality in the workplace.

In terms of targeting extreme wealth, Hildyard proposes a reform of existing taxes, particularly capital gains tax on the sale of assets which are currently taxed at a lower level than income from work (Ibid.: 113). Increasing capital gains tax to the same level as income tax would raise £16 billion for public services (Ibid.). And another tax proposal is to apply National Insurance Contributions to investment income such as that of landlords rather than just work income which could raise an additional £15 billion. The problem of ensuring the re-distribution and pre-distribution of wealth from the super-rich to the poor is not a lack of tax mechanisms and government schemes that could close loopholes and havens; it is a lack of political will. This demands that the call for wealth redistribution becomes loud and irresistible to the point that politicians see it as essential to their election. Creating that public consciousness for wealth equality should be part of development education's mission for social and economic justice. There is a clear narrative of injustice that could be employed by the development education sector to move the dial on public awareness of wealth hoarding by the super-rich at the expense of wider society. As Freire told us: 'to surmount the situation of oppression, people must first critically recognise its causes' (1996: 29). Unveiling the source of economic despair and unearned wealth should be central to development education's practice and advocacy work to 'build a fairer, happier, more prosperous society' (Hildyard, 2024: 124).

Enough is a tightly argued and accessible work that is guided by a compelling logic based on social, economic and environmental imperatives. What is missing from book is a systemic analysis of the economic model that has propelled the grotesque levels of inequality he so eloquently reveals. The deregulation of the financial sector, low taxation, welfare cuts, reduced public spending and privatisation are all central tenets of neoliberalism that have enabled the super-rich to prosper while the rest of society has fallen behind. Hildyard does not apply his analysis of the super-rich to the systemic failings of neoliberalism which prevents his book from addressing the root causes of the problems he presents. He does succeed, however, in problematising extreme wealth and questioning its very existence as evidence of a broken economy (Russell-Moyle, 2019).

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