Should We Worry About Trillionaires? [C2]

La ricchezza continua a concentrarsi nelle mani di un numero sempre minore di persone, raggiungendo livelli difficili da comprendere. Quali sono le conseguenze per la società?

At the beginning of each year, the world's corporate and political **elite gather** in the Swiss ski resort of Davos to **pat each other on the back**, attend seminars on "the Fourth Industrial Revolution" — whatever that might be — and generally **mull over** the state of the world. Rarely is so much wealth to be found in so few **conference rooms**. And each year, Oxfam, the global development charity, takes the opportunity **to run the numbers** on the state of global inequality. Oxfam's findings are often **eye-catching**, but this year especially so. The wealth of the five richest people in the world, they found, has more than doubled, from \([bn](## "miliardi (abbr. billions)")405 in 2020 to \)869**bn** in late 2023. That's an increase of about fourteen million dollars an hour, which is not bad going by anyone's **reckoning**. Perhaps more strikingly, Oxfam calculates that on current trends the world is due to welcome its first trillionaire within a decade. Elon Musk, the richest person at the time of writing, is worth about a fifth of that, at \(210[bn](## "miliardi (abbr. billions)"). It may of course take longer than Oxfam predicts, but the global trends are reasonably clear. Go back a decade or so, and the world's then richest man, Carlos Slim — a Mexican telecoms magnate — [was worth] (## "avere un patrimonio di") about \)70**bn**, or one-third of Musk's current estimated value. It does seem likely that, without a radical change, we'll have our first trillionaire by the 2040s. Even in macroeconomics, where huge numbers are **commonplace**, a trillion dollars is a big deal. For context, the entire annual economic **output** of the United Kingdom comes in at about \([tn](## "bilione (abbr. trillions)")2.9. how unprecedented it will be, it's helpful to think historically. The oil magnate John D. Rockefeller was announced by newspapers as the world's first billionaire back in 1916. US GDP was around \)50**bn** then, so Rockefeller **was worth** about 2 per cent of national **income**. Now it's closer to \(27[tn](## "bilione (abbr. trillions)") and expected to grow to \)40**tn** by the mid-2030s, so a contemporary trillionaire would be worth between 2.5 per cent and 3.5 per cent of the **output** of the

world's richest country — a larger **chunk** than the wealthiest person in modern economic history. Indeed, there have never been as many super-rich people as there are today — with numbers **rocketing** since the financial crisis of 2008. Back then, there were one thousand billionaires — now there are more than two thousand. One conspicuous indicator of this can be seen each summer in the **marinas** of **well-to-do** resorts.

At the turn of the millennium there were fewer than two thousand superyachts, compared with more than five thousand today, with about 150 new launches each year. Does any of this matter? Aren't billionaires, even the **odd** trillionaire, the mark of a prosperous economy? To answer this, we need to look at how we got here in the first place. Three economic trends are key: first, **asset** prices have risen quickly and much faster than **wages**. A decade of low interest rates saw the price of everything from **shares** to houses and art **soar** in value. These are the kinds of things wealthy people already have, so it's a classic case of the rich getting richer. And if you thought interest rate rises might put paid to that, the S&P 500, the US's principal share index, reached a record high in February 2024. Second, there's the increase in corporate profits. Many of the world's billionaires have made their money **running** firms, often in industries marked by low competition. Corporations with large **marketshares** are able to raise prices without it hitting their **bottom line**, as customers have few other places to go. As Oxfam notes, the average global **mark-up**, the difference between the price of production and the sale price, rose from 7 per cent in 1980 to 59 per cent by 2020. Third, taxation regimes have generally become less progressive. In 1979 the top marginal rate of **income** tax was 83 per cent in the UK. In the US it was 70 per cent. Nowadays, the rates are 45 per cent and 37 per cent, respectively. In summary, not only have the super-rich benefited from rising **asset** prices and higher profits, they are taxed at half the level they were two generations ago. It's true that a certain amount of inequality is **built into** capitalism — some will work harder than others or be more prepared to take risks. But **it turns out that** such extreme disparities are unnatural, politically dangerous and actually threaten economic stability. There is evidence that unequal societies are more vulnerable to shocks, and more likely to suffer political instability. Research by the International Monetary Fund, not known for its **leftie** sympathies, identified inequality and the loss of worker

bargaining power as leading factors in the 2008 crash. Some economists and philosophers, such as Ingrid Robeyns, argue that a hard upper limit on individual wealth is not only morally and socially right, but economically desirable. So, yes, we should worry about the emergence of the world's first trillionaire. But preventing it would require some radical changes. It would mean politicians recognising that there is more to taxation than simply **raising revenue** — preventing extreme inequality is a good thing **in and of itself**. It would require a new focus on rigorous competition policy to break up and prevent monopolies. It would need corporate governance to change, so that **shareholders** aren't the only priority, and the needs of employees, **suppliers** and customers have to be **taken into account**, too. Look back to Rockefeller, though, and there may be **grounds** for hope. The fact that he was part of a cohort of businessmen known as the Robber Barons tells you something about the popular view of their immense wealth. That political discontent culminated in the progressive era, during which competition policy got tough, marginal tax rates **headed north**, and the rights and power of workers increased. Of course, it took a stock market crash and a depression for the landscape to decisively shift, but today we have the advantage of economic **hindsight**. The fact that G20 leaders are mulling a global minimum tax on billionaires is a good sign, but it will not be enough. The prospect of the world's first trillionaire should be a **spur** to act before it's too late.   Published in The Guardian on 18 March 2024. Reprinted with permission.

Glossary

- **taken into account** = tenere in considerazione
- **mull over** = sopesar, reflexionar
- **mark-up** = aumento di prezzo
- **grounds** = motivi
- **hindsight** = visione retrospettiva
- **reckoning** = stima, valutazione
- **shares** = azioni
- **tn** = bilione (abbr. trillions)
- **well-to-do** = benestanti
- **bargaining power** = potere di negoziazione
- **to run the numbers** = fare i calcoli
- **bn** = miliardi (abbr. billions)
- **asset** = attivo
- **soar** = aumentare drasticamente
- **leftie** = di sinistra
- **raising revenue** = aumentare il reddito
- **spur** = stimolo, ince
- **was worth** = avere un patrimonio di
- **odd** = sporadico
- **marinas** = porti turistici
- **shareholders** = azionisti
- **eye-catching** = accattivante
- **rocketing** = aumentare vertiginosamente
- **wages** = salari
- **running** = gestire
- **built into** = integrata nel
- **it turns out that** = risulta che
- **in and of itself** = di per sé
- **suppliers** = fornitori
- **conference rooms** = sale conferenze
- **commonplace** = comune
- **At the turn of the millennium** = all'inizio del XXI secolo
- **market shares** = quote di mercato

- **bottom line** = bilancio
- **headed north** = aumentare
- **pat each other on the back** = darsi reciprocamente pacche sulle spalle
- **output** = produzione
- **chunk** = pezzo
- **elite gather** = riunirsi
- **income** = reddito