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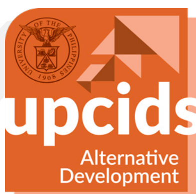
Inequality, Tax Justice and the Philippine Wealth Tax Campaign

Eduardo C. Tadem



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Inequality, Tax Justice, and the Philippine Wealth Tax Campaign[1]

Eduardo C. Tadem[2]

Abstract

Rising inequality has been an inescapable phenomenon of global economic development over the past 200 years. On the other end, the profits of business enterprises and their owners' wealth have been increasing disproportionately. This has been highlighted in a landmark 2014 study by a group of French economists led by Thomas Pikkety. The global data confirms this analysis of unabated inequality amid high growth rates, leading to an ever-widening gap between the rich and the poor.

In declaring the reduction of inequality as one of its Sustainable Development Goals (SDGs), the United Nations (UN) observes that growing inequality affects 70 percent of the global population. It is threatening "long-term social and economic development, [harming] poverty reduction and [destroying] people's sense of fulfilment and self-worth." All these, "in turn, can breed crime, disease, and environmental degradation" (UN 2020).

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1 This is a research paper commissioned by the Asian Peoples Movement for Debt and Development (APMDD).

APMDD is a regional alliance of peoples' movements, community organizations, coalitions, non-government organizations (NGOs), and networks. APMDD believes in social transformation that is all encompassing and interrelated: economic, political, cultural, and environmental; and class, ethnicity/race, and gender dimensions. As its contribution to social transformation, APMDD focuses on people-centered development and economic and environmental rights and justice.

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As a core response to inequality, proposals for a wealth tax on a country's richest citizens have been proposed. A wealth tax is a levy imposed on an individual's net worth (i.e., all the forms that a person's wealth can take). More than anything else, it is a social justice measure. As the situation has been aggravated by the three-year COVID-19 pandemic, previously resistant institutions such as the International Monetary Fund (IMF) and World Bank (WB), have been forced to consider a wealth tax as both an emergency response to inequality and a measure to cover the costs of containing the pandemic.

Asia has one of the world's highest rates of inequality. The Philippines, whose inequality rates remain the highest in the region, has seen proposals for a wealth tax gaining momentum among civil society organizations (CSOs), labor unions, popular organizations, the academe, and the media. It even became a contentious issue in the May 2022 national elections. Resistance from both the government and corporate sectors, however, has been intense and unbending—unmindful of a shift in perspective from global and regional players. Furthermore, the number of countries who have imposed wealth taxes has been increasing, with support for the measure among international players growing as well.

How the campaign for a Philippine wealth tax will play out in the coming months and years depends on the ability of its proponents to mount a credible and sustained effort to galvanize popular support.

Keywords: inequality, tax justice, wealth tax, capital, economic growth, billionaires

Introduction

The subject of social inequality has pervaded the concerns of scholars and activists for countless years. It is difficult to find modern-day societies whose "members are indifferent to the problem" (Béteille 1974). Yet not too long ago, for conventional liberal economists like Friedrich Hayek, inequality was seen as "the price to be paid for the dynamic economic growth that is characteristic of capitalism" (J. Scott 2014, 521). This view was later revised to being open to "an investigation of which inequalities are justifiable on their own terms" (p. 521).

Meanwhile, progressive scholars adhere to "the principle that inequality and poverty are inevitably produced by capitalist societies." They also believe that such a situation "may be passed on from one generation to the next via the environment of opportunities and services into which each individual is implanted at birth." Furthermore, the only way that inequality can be ended is by "fundamentally altering the mechanics of capitalism" (Peet 1975, 564).

The *Oxford Dictionary of Sociology* (2014) defines "inequality" as the system of "unequal rewards or opportunities within groups or groups within society," which are "judged in terms of legal equality, equality of opportunity, or equality of outcome" and are further related to social class, gender, ethnicity, and locality (J. Scott 2014, 521–22). The United Nations (2020) adds the additional inequality factors of age, origin, disability, sexual orientation, religion, and, more recently, "access to online and mobile technologies." Measurements of inequality "go beyond income and purchasing power but affect life expectancy and access to basic services such as healthcare, education, water, sanitation" and housing; it can also "curtail a person's human rights through discrimination, abuse and lack of access to justice" (UN 2020).

The conservative–liberal response to inequality has been to simply amplify and accelerate growth with the assumption that the bigger the economic pie, the more people will benefit: this is the infamous "trickle-down" effect associated with free-market ideologies. Thus, in this view, there is no need for government interventions to redistribute social wealth. However, within the past decade, with inequality rising to historic levels, an enlightened liberal wing arose, who accepted that more aggressive moves were needed. This led to the notion of "progressive taxation." Later, its more advanced leg, now popularly known as a wealth tax, serves as an additional charge on the net worth of the richest families and individuals. This turnaround could be partly attributed to the work of the French economist Thomas Pikkety and his associates at the School for Advanced Studies in the Social Sciences (*École des hautes études en sciences sociales*) (EHESS) at the Paris School of Economics. In 2014, Pikkety published the internationally best-selling *Capital in the Twenty-First Century*.[3]

A wealth tax system has been around since the nineteenth century, with Switzerland and Norway pioneering these moves in 1840 and 1892, respectively. Pikkety (2014) noted that reductions in inequality took place during two historical periods in the 20th century (i.e., in the aftermath of the two World Wars), which may have d ampened any wealth tax movement. However, the advent of neoliberal policies in the 1980s—with its small state and free-market paradigm, accompanied by prescriptions of liberalization, deregulation, and privatization—accelerated inequality to levels never seen before. This resulted in heightened calls for a wealth tax on the world's richest individuals and families to reduce inequality.

3 Pikkety's *Capital in the Twenty-First Century* sold 2.5 million copies worldwide—unrivaled for an academic treatise on economics. It reached number one on the New York Times bestseller list.

Part One:
The Social Inequality Discourse

The Development of Global Inequality

Covering a span of over 200 years since the 18th century, Thomas Pikkety (2014) conducted a historical study of wealth inequality in the 790-page book *Capital in the Twenty-First Century*. Working with a vast amount of data from historical and academic sources, he concluded that inequality is not an accident; rather, it is a distinct feature of capitalist development. Inequality can only be reversed through state intervention. Although he included poor and developing countries, Pikkety focused his geographical scope on the United States, Japan, Germany, and Great Britain in terms of long-term trends.

> The overall conclusion of this study is that a market economy based on private property, if left to itself, contains powerful forces of convergence, associated in particular with the diffusion of knowledge and skills; but it also contains powerful forces of divergence, which are potentially threatening to democratic societies and to the values of social justice on which they are based. (Pikkety 2014, 571)

What destabilizes the market economy is Pikkety's finding that the average annual private rate of return of capital (r) has been significantly greater than the rate of economic growth (g) over a long period of time. He expresses this in his now-famous formula, $r > g$. For Pikkety, the rate of return includes "profits, dividends, interest, rents and other forms of income from capital" (p. 25). The result is that private wealth accumulates unequally over time and overcomes society's economic output. Over the past 200 years, r has averaged 4 to 5 percent, whereas g only averaged from 1 to 1.5 percent. In other words, capitalist profits accumulate four to five times faster than economic growth. The overall result is a concentration of wealth, and this unequal distribution causes social and economic instability.

An outcome of wealth inequality is what Pikkety calls an "inheritance society"—one "characterized by both a very high concentration of wealth and a significant persistence of large fortunes from generation to generation" (p. 351). This is complementary to the "fundamental logical contradiction" that transforms the capitalist class over several generations.

> The entrepreneur inevitably tends to become a rentier, more and more dominant over those who own nothing but their labor. Once constituted, capital reproduces itself faster than output increases. The past devours the future. (p. 571)

In a succeeding work, *Capital and Ideology*, Pikkety (2020) published updated results, with data from more countries in an even heftier 1,200 pages. His new findings confirmed growing global inequality. In the United States, the top 1 percent now earns over 20 percent of the national income, whereas the bottom 50 percent settled for just 12 percent. The top 1 percent's average income was USD 1.3 million in 2015, whereas those in the bottom half had only USD 15,000—a figure virtually stagnant in 40 years. In Europe, increased wealth inequality had the top 10 percent with 50–60 percent of income, whereas the bottom 40 percent had only five percent. In the Middle East, the top 10 percent amassed 64 percent of income, whereas both Russia and China recorded the highest inequality increases since they introduced market economies.

Piketty did not find the ever-greater rise in wealth inequality over the last 40 years surprising. He noted that since the 1980s, neoliberal and conservative governments have cut corporate taxes and abolished inheritance levies. Meanwhile, they have cut spending on social services, including welfare, and modified education to benefit social elites.

Oscar Jordà et al. (2019), in a less-prodigious 174-page work, *The Rate of Return on Everything, 1870–2015*, confirmed Pikkety's analyses as represented by the formula $r > g$. Examining the 150-year track record of 16 major developed economies,[4] Jordà and his colleagues, however, concluded that Pikkety may have even underestimated the historical rate of return of capital. Therefore, wealth inequality could rise much faster than even Pikkety's already dire predictions. Jordà et al.'s study focused on four major

4 The countries include Australia, Belgium, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

categories of wealth: equity stocks, treasury bills, government bonds, and residential real estate.

Jordà et al.'s calculations parallel Pikkety's with their findings of an average rate of return on wealth at 6.30 percent. Meanwhile, economic growth, indicated by the gross domestic product (GDP), lagged at just 2.86 percent from 1870 to 2015. Pikkety's underestimation was because of his lack of attention to land and real estate. Jordà et al. discovered that of all the four wealth types, real estate is the least volatile and gives comparable or better returns in relation to equities, stocks, and bonds. Jordà et al. (2019, 54) found that "housing wealth is the largest asset class in the economy" and that the "high levels of housing returns [they] have uncovered serves to push up the level of *r* and thus, potentially, wealth inequality."

Given these, Jordà et al. uncovered "the important finding" that Pikkety's conclusion "holds true for more countries, more years, and more dramatically" (p. 6). They suggested that the formula should be revised to "$r >> g$," meaning that "globally, across most countries, the weighted rate of return on capital was twice as high as the growth rate in the past 150 years" (p. 56). As one commentator creatively remarked: "it's easy to picture wealth spiraling off into the heavens as growth affecting everyone else stays earthbound, or worse" (Berman 2018).

Inequality Today: "The Greatest Danger"

Many studies and reports validate the findings of Pikkety (2014) and Jordà et al. (2019). These reports also highlight the economic circumstances propelling higher inequalities in addition to the relationship between return on capital and economic growth. The World Inequality Lab, in its *World Inequality Report 2022*,[5] pinpoints "three decades of trade and financial globalization" as driving forces causing extreme inequalities, which "are about as great today as they were at the peak of Western imperialism in the early 20th century" (World Inequality Database 2021). Regarding wealth accumulation, the *Report 2022* reports that

> The top 1% took 38% of all additional wealth accumulated since the mid-1990s, whereas the bottom 50% captured just 2% of it. . . . This increase was exacerbated during the COVID-19 pandemic. In fact, 2020 marked

5 The *World Inequality Report 2022* was released on 7 December 2021. The codirectors of the World Inequality Lab are Thomas Pikkety, Emmanuel Saez, and Gabriel Zucman.

> the steepest increase in global billionaires' share of wealth on record. (Chancel et al. 2021, 15)

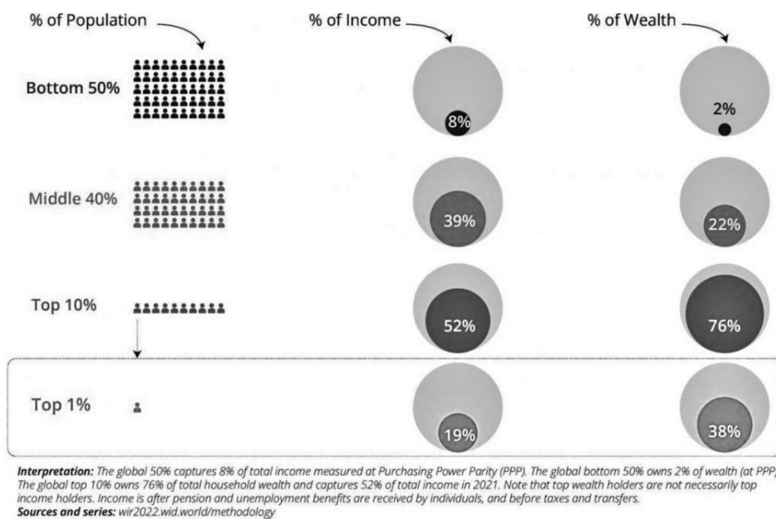
Data from the *Report 2022* continues to support an observation by the World Inequality Lab since the first iteration of the *Report* for 2018.

> We show that since 1980, very large transfers of public to private wealth occurred in nearly all countries, whether rich or emerging. While national wealth has substantially increased, public wealth is now negative or close to zero in rich countries. Arguably this limits the ability of governments to tackle inequality; certainly, it has important implications for wealth inequality among individuals. (Alvaredo et al. 2017, 14)

Chancel (2018, 25) summarizes the findings from *Report 2018*: "Countries have become richer but governments have become poorer." In addition, "The combination of rising income inequality and large transfers of public to private wealth led to a steep rise in wealth inequality" (p. 27).

The figure below from the *World Inequality Report 2022* shows that the top 1 percent has 19 percent of income and 38 percent of global wealth. Meanwhile, the top 10 percent has 52 percent of income and 76 percent of global wealth. The middle 40 percent has 39 percent of income and 22 percent of global wealth. At the other end, we have the bottom 50 percent, which shares a mere eight percent of income and two percent of global wealth.[6]

FIGURE 1 ► Global Income and Wealth Inequality 2021



Source: Chancel et al. 2021

In a January 2022 briefing paper dramatically titled *Inequality Kills*, the aid and development organization Oxfam reported that inequalities cut across national, economic, gender, and racial divides. Oxfam argues that inequality is not an accident but a matter of choice. In addition, inequality harms "the poorest people, women and girls, and racialized groups" the most, and "contributes to the death of at least one person every four seconds" (Ahmed et al. 2022, 12, 17). The organization presents its position on extreme inequality.

> Extreme inequality is a form of "economic violence"—where structural and systemic policy and political choices that are skewed in favor of the richest and most powerful people result in direct harm to the vast majority of ordinary people worldwide. That people in poverty, women and girls, and racialized groups are so often disproportionately killed or harmed, more than those who are rich and privileged, is not an accidental error in today's dominant form of capitalism, but a core part of it. (p. 12)

Oxfam estimated that "inequality is now contributing to the deaths of at least 21,300 people each day—or one person every four seconds" (p. 18). However, the organization noted that "this is a highly conservative estimate for deaths resulting from hunger in a world of plenty, the denial of access to quality healthcare in poor countries, and gender-based violence faced by women and rooted in patriarchy."

Oxfam followed up with a January 2023 report, *Survival of the Richest*, calling the ever-increasing inequality levels a "polycrisis" (Christensen et al. 2023, 7). This "polycrisis" is characterized by the following:

- Since 2020, the richest 1% have captured almost two-thirds of all new wealth—nearly twice as much money as the bottom 99% of the world's population.
- Billionaire fortunes are increasing by USD 2.7 billion a day, even as inflation outpaces the wages of at least 1.7 billion workers, which is more than India's population.
- Food and energy companies more than doubled their profits in 2022, paying out USD 257 billion to wealthy shareholders, whereas over 800 million people went to bed hungry.

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6 For reference, the world population is 7.8 billion, with the adult population comprising 5.24 billion (67 percent).

- A tax of up to 5% on the world's multimillionaires and billionaires could raise USD 1.7 trillion a year, enough to lift 2 billion people out of poverty, and fund a global plan to end hunger (Christensen et al. 2023, 7).

The inequality issue has reached the portals of even conservative international agencies. The Organisation for Economic Co-operation and Development (OECD), comprising 38 of the world's most developed societies,[7] issued its own report on inequality, *Divided We Stand: Why Inequality Keeps Rising*, as early as 2011. The then–OECD Secretary-General, Ángel Gurría, offered the following points in a speech presenting the report on 5 December 2011.

> Income inequality in OECD countries is at its highest level for the past half century. The average income of the richest 10% of the population is about nine times that of the poorest 10% across the OECD, up from seven times 25 years ago. . . . A sustained period of strong economic growth has allowed emerging economies to lift millions of people out of absolute poverty. But the benefits of strong economic growth have not been evenly distributed and high levels of income inequality have risen further. … Sustained inequality inhibits growth and social cohesion. (2011)

Addressing the global economic crisis of 2008–2009 spawned by the U.S. subprime housing collapse, Gurría added that

> [Inequality] is a real "live" economic issue as . . . when the housing bubble burst, and the most vulnerable couldn't afford to pay for their mortgages anymore. . . . The crisis has added urgency to the need to address inequality. Uncertainty and fears of social decline and exclusion have reached the middle classes in many societies. People feel they are bearing the brunt of a crisis for which they have no responsibility, while those on high incomes appear to have been spared. (2011)

Gurría traces the growing inequality to two factors: inequality in wages and salaries, as well as policy and regulatory reforms. Similar to OECD's understanding of inequality is Christine Lagarde's speech during the 2012

7 The OECD describes itself as "a forum of countries . . . committed to democracy and the market economy" (OECD n.d.-b). The majority of its members are high-income economies. The 38 members are Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxemburg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, the United Kingdom, and the United States.

Annual Meetings of the IMF and the World Bank.[8] She saw inequality as related mainly to "the quality of economic growth in our future world" (Lagarde 2012). For Lagarde (2012), and, by implication, the IMF, "less inequality is associated with greater macroeconomic stability and more sustainable growth."

Not surprisingly, both Gurría and Lagarde downplay the role of capital income, with the former arguing that its share of household income is "modest on average . . . and its impact on overall inequality is therefore limited" (Gurría 2011). This is in sharp contrast with the analyses and evidence presented by Pikkety (2014) and, to a certain extent, Jordà et al. (2019)—both of whom trace the roots of ballooning inequality from the propensity of those with capital incomes to extract and accumulate ever-increasing levels of rentier-based wealth.

The United States' case illustrates how inequality has skewed the distribution of income and wealth. Citing government Census Bureau data as culled by the Pew Research Center, Schaeffer (2020) reported that "the wealth gap between America's richest and poorer families more than doubled from 1989 to 2016." In addition, Schaeffer (2020) pointed out that "over the past 50 years, the highest-earning 20% of US households have steadily brought in a larger share of the country's total income. In 2018, households in the top fifth of earners (with incomes of USD 130,001 or more that year) brought in 52% of all U.S. income, more than the lower four-fifths combined."

OECD data reported that the United States has the highest levels of income inequality among G7 member countries.[9] Over the past 50 years, the middle class has seen its income grow at a slower rate than people with upper-tier incomes over the past five decades. The racial divide is equally affected as "the black–white income gap has persisted over time" (Schaeffer 2020). Surveys reveal that "overall, 61% of Americans say there is too much economic inequality in the country today." In 2014, when the Pew Research Center asked its respondents about the "greatest danger to

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8 Lagarde is the President of the European Central Bank and was Chair and Managing Director of the International Monetary Fund (IMF) from 2011 to 2019.

9 From Schaeffer (2020): "To compare income inequality across countries, the OECD uses the Gini coefficient, a commonly used measure ranging from 0, or perfect equality, to 1, or complete inequality. In 2017, the U.S. had a Gini coefficient of 0.434. In the other G7 nations, the Gini ranged from 0.326 in France to 0.392 in the UK."

the world," it found that in the United States and Europe, "concerns about inequality trump all other dangers" (Atkinson 2015).

Ever-Worsening Inequality Under the COVID-19 Pandemic

As if the inequality situation was not bad enough, the COVID-19 pandemic made matters even worse. Oxfam reported that between March 2020 and November 2021, "the wealth of the ten richest men has doubled, while the incomes of the 99% of humanity were worse off" (Ahmed et al. 2022, 7). In the first two years of the pandemic, the world's elite group of 2,755 billionaires saw their wealth grow much bigger and faster than in the previous 14 years.

> A new billionaire has been created every 26 hours since the pandemic began. The world's 10 richest men have doubled their fortunes, while over 160 million people are projected to have been pushed into poverty. Meanwhile, an estimated 17 million people have died from COVID-19—a scale of loss not seen since the Second World War. (p. 7)

Inequality has made the COVID-19 virus "deadlier, more prolonged, and more damaging to livelihoods" (p. 7). Oxfam further said that "millions of people would still be alive today of they had the vaccine." A "vaccine apartheid" took shape "while big pharmaceutical corporations continue to hold monopoly control over these technologies" (p. 8). The hardest hit are people in low- and middle-income societies as "the poorest people are nearly four times more likely to die from COVID-19 as the richest" (p. 8). Before the pandemic, 2.1 million Black Americans would not have died if they had the same life expectancy as White people. However, with COVID-19, that number rose to 3.4 million Black Americans (p. 23).

In relation to Sustainable Development Goal (SDG) 10, which focuses on reducing inequalities, UN (2020) described COVID-19 as deepening "existing inequalities," as it "hits the poorest and most vulnerable communities the hardest" (UN 2020). UN also spotlighted "economic inequalities and fragile social safety nets that leave vulnerable communities to bear the brunt of the crisis" even as "social, political and economic inequalities have amplified the impacts of the pandemic."

> On the economic front, COVID-19 has significantly increased global unemployment and dramatically slashed workers' incomes. COVID-19 also puts at risk the limited progress that has been made on gender equality and women's rights over the past decades. Across every sphere, from health to the economy, security to social protection, the impacts of COVID-19 are exacerbated for women and girls simply by virtue of their sex. (UN 2020)

Jayati Ghosh (2022) emphasized the deadly combination of a global pandemic and inequality. For Ghosh, in pandemic times, an even bigger killer is not the virus but inequality. Already-disadvantaged victims who died "were more likely to live in low- and middle-income countries, to be women or girls, to belong to groups experiencing social discrimination, to be informal workers" (Ghosh 2022). In the end, inequality—whether in a pandemic or in normal times—is "policy[-]driven" and is a "political choice."

> The pandemic brought home to us a hard truth. Unequal access to incomes and opportunities does more than create unjust, unhealthy and unhappy societies—it kills people. And they have died because their governments could not or would not provide the social protection needed to survive the crisis. While they died, the richest people in the world became richer than ever—and some of the largest companies made unprecedented profits. (Ghosh 2022)

Profiting from COVID-19

The world's billionaires have reaped huge profits amid pandemic times. Globally, 493 new billionaires were created during COVID-19's spread (p. 9), fueled by bullish stock markets and "huge amounts of economic stimulus funds distributed to businesses" (Collins 2021). From the beginning of the pandemic surges and lockdowns in March 2020 to July 2021, "the combined wealth of 713 US billionaires has surged by USD 1.8 trillion, a gain of almost 60 percent," whereas "the total combined wealth of U.S. billionaires increased from USD 2.9 trillion on March 18, 2020 to USD 4.7 trillion on July 9, 2021," or by 62 percent (Collins 2021).

Although billionaire wealth has been "steadily" rising since 1990, "one-third of their wealth gains" took place in just the pandemic's first 16 months, with their total wealth reaching USD 4.7 trillion in 2021—a 19-fold increase throughout the 31-year period (Collins 2021).

Among these, 40 newly minted billionaires were created. Their companies were involved in fighting COVID-19. As such, the new billionaires include the owners and CEOs of vaccine manufacturers: BioNTech, Moderna, and CanSino Biologics (Tognini 2021).[10] Others produced

10 CanSino Biologics produces the one-shot vaccine Convidecia reportedly with the same efficacy rate as the Janssen vaccine. It is currently undertaking clinical trials for a COVID-19 vaccine to be administered by inhalation (*Wikipedia*).

antibody and diagnostic tests, masks, personal protective equipment (PPE), and vaccine scheduling software. Additionally, others who profited immensely were contracted vaccine manufacturers for mass production and research firms running clinical trials. Of the 40 new billionaires, eighteen (45 percent) are from China; seven from the US, four each from India, Germany, and Canada;[11] and one each from France, Italy, Spain, and Japan (Tognini 2021). The richest of the 40 is the Li Jianquan family, with a net worth of USD 6.8 billion through the family-owned Chinese manufacturer Winner Medical, which produces masks and medical overalls.

Overall, China's super-rich increased its net worth by USD 1.5 trillion in the pandemic years, with 257 more individuals joining the billionaire list. Many cashed in on the huge demand for vaccines, e-commerce and online shopping, gaming, healthcare products, bottled water, and food deliveries, among others (Fiorillo 2020). As of March 2023, there are 3,112 billionaires in the world, with China at the top of the list with 969; the US is second with 691; India is third with 187 billionaires, followed by Germany with 144, just ahead of the UK's 134 (Hurun 2023).[12]

Climate Impact of Inequalities

The climate crisis is heavily influenced by rising levels of inequality worldwide. Ghosh (2022) charges that "inequality is not just killing those with less political voice—it is also killing the planet." Oxfam foresees that, by 2030, "the climate crisis could kill 231,000 people each year in poor countries" (Ahmed et al. 2022, 11). Oxfam's *Inequality Kills* cited a 2021 study by R.D. Bressler even as "the CO2 emissions of 20 of the richest billionaires are" on average, "8,000 times that of the billion poorest people" (p. 11).

The *World Inequality Report 2022* strongly suggests that "addressing large inequalities in carbon emissions is essential for tackling climate change," since "[g]lobal income and wealth inequalities are tightly connected to ecological inequalities and to inequalities in contributions to climate change" (Chancel et al. 2021, 16). The "data set on carbon emissions inequalities reveals important inequalities in CO2 emissions at

11 Of the four identified as Canadians, three are actually Chinese migrants.

12 The Hurun Global Rich List 2023 also reports that the 2023 number of billionaires of 3,112 was down 8 percent from the 2022 total of 3,381 "but still up from pre-COVID in 2020 and more than double the 1,453 of ten years ago." This reduction was because of the impact of "interest rate hikes, appreciation of the U.S. dollar, the popping of a COVID-19–driven tech bubble and the Russia–Ukraine war [that] all combined to hurt stock markets" (Pak Yiu 2023).

the world level: the top 10% of emitters are responsible for close to 50% of all emissions, while the bottom 50% produce 12% of the total" (p. 16).

Ecological inequalities are not confined to rich countries versus poor ones, as "there are high emitters in low- and middle-income countries and low emitters in rich countries" (Chancel et al. 2021, 17). According to the *World Inequality Report 2022,* "In Europe, the bottom 50% of the population emits around five tons per year per person; the bottom 50% in East Asia emits around three tons; and the bottom 50% in North America around 10 tons. This contrasts sharply with the emissions of the top 10% in these regions (29 tons in Europe, 39 in East Asia, and 73 in North America)" (p. 17).

> [The] report also reveals that the poorest half of the population in rich countries is already at (or near) the 2030 climate targets set by rich countries, when these targets are expressed on a per capita basis. This is not the case for the top half of the population. Large inequalities in emissions suggest that climate policies should target wealthy polluters more. So far, climate policies such as carbon taxes have often disproportionately impacted low-and middle-income groups, while leaving the consumption habits of wealthiest groups unchanged. (p. 17)

The UN (2020) observes that climate change, if unaddressed, "will increase inequality within countries." Exacerbated environmental degradation, increased frequency and intensity of extreme weather events do not impact people uniformly.

Why Inequality Matters

Anthony Atkinson (2015, 10–12) discusses inequality from the standpoint of two factors: "inequality of opportunity" and "inequality of outcome." Although some writers tend to separate the two or disregard the second, Atkinson argues that, in fact, a direct relation exists. Inequality of opportunity is related to family backgrounds and influence, and the effort put in by an individual to achieve certain life's goals. What is required is a "level playing field" for all to address inequality of opportunity. But even if this "level playing field" is achieved, outcomes could still differ and result in inequalities because equality of opportunity could be both competitive and/or noncompetitive. These could lead to an unequal distribution of rewards due to existing "economic and social arrangements."

For Atkinson (2015, 11), one other reason why the inequality of outcomes matter is its impact on succeeding generations, as "the

beneficiaries of inequality of outcome today can transmit an unfair advantage to their children tomorrow. This leads to what Pikkety (2014) called an "inheritance society." In "democratic elections," money politics and income inequality enter "a two-way relationship," characterized by the "dance of ideology and unequal riches" (McCarty, Poole, and Rosenthal 2006, quoted in Atkinson 2015, 12). Furthermore, an outcome of "worsening economic performance" could be easily attributed to increased inequality (p. 12). Atkinson advises being concerned not only with "inequality of opportunity tomorrow" but also with "inequality of outcome today."

The inequality issue could also be framed under "a broader theory of justice" (p. 12). Citing John Rawls, Atkinson proposed that "transfers of wealth should give all the weight to the least well-off, thus "maximizing their well-being" and favoring more redistribution and would reduce inequality. Additionally, another important factor is "access to 'primary goods'" (Rawls 1971 quoted in Atkinson 2015, 13). Going back to classical philosophy, Atkinson cites Plato's radical dictum that "no one should be more than four times richer than the poorest member of society" (p. 13).

UN's 17 SDGs include Goal 10, which aims to "reduce inequality within and among countries." In its SDG Primer on Goal 10, the UN (2022a) cites the urgent need to reduce inequalities "based on income, sex, age, disability, sexual orientation, race, class, ethnicity, and religion and opportunity [which] continue to persist across the world." Growing inequality, which affects 70 percent of the global population, is seen as threatening "long-term social and economic development, [harming] poverty reduction and [destroying] people's sense of fulfilment and self-worth," all of which, "in turn, can breed crime, disease, and environmental degradation" (UN 2022a).

> Inequalities are also deepening for vulnerable populations in countries with weaker health systems and those facing existing humanitarian crises. Refugees and migrants, as well as indigenous peoples, older persons, people with disabilities, and children are particularly at risk of being left behind. And hate speech targeting vulnerable groups is rising. (UN 2023)

Asian Inequality Amidst High Growth

Asia has one of the highest growth rates in the world, but it also registers a higher rate of inequality than most. Prior to the pandemic, Asia was "the engine of global growth," growing at 5.5 percent per year and accounting for two-thirds of global expansion (Jain-Chandra, Kochbar, and Kinda 2016). East Asia and—with some exceptions—Southeast Asia,

relied on manufacturing rather than semi-processed commodities to boost productivity and exports and outstrip the rest of the world, including the traditionally developed states (Seric and Yee 2019).

However, behind these growth figures lurks a dark side: increasing social inequality. Asia's wealth gap has become the widest in the world, with the region grappling with the irony of high growth accompanied by high levels of inequality. The *World Inequality Report 2022* says that "in East Asia, the top 10% makes 43% of total income," whereas the bottom 50 percent takes home just 12 percent (Chancel et al. 2021, 12). For Southeast Asia, the numbers are grimmer, with the top 10 percent raking in 55 percent of income, whereas the bottom 50 percent make do with 11 percent.

Forbes Asia sees "wage disparity and differing levels of access to education" that have emerged where "[h]ighly skilled workers with more education see their incomes rise, while low-skilled workers see their wages reduced"—a gap accounting "for 25–35% of income inequality in Asia" (Kelly 2018; Hardoon 2017, 13). Gender inequalities are prominent as women face discrimination, earn less than men (between 70 and 90 percent less), "are more likely . . . to be in jobs not protected by labour legislation," are in lower paid and part-time jobs, are thought to "less likely than males to strike or disrupt production," and "disproportionately face the threat of violence . . . in the workplace" (Hardoon 2017, 14, 26). Oxfam's briefing paper, *An Economy for the 99%,* contextualized women's lower wages in a situation where "the national minimum wage in many Asian countries—where it is paid—is on average a quarter of the amount required for a decent standard of living" (p. 31).

From the most unusual source, the Asian Development Bank (ADB), inequality has been identified as a central concern. In 2013, the then–ADB President, Haruhiko Kuroda,[13] expressed concern over Asia's "rapidly rising inequality" (Kuroda 2013). He bemoaned the widening income gap between Asia's rich and poor, the increase in the Gini coefficient in developing Asia from 39 to 46,[14] the inequalities in opportunity, high infant mortality rates among the poor, the lower percentage of labor participation by women, and lower primary school enrollment for girls compared to boys.

13 Haruhiko Kuroda is the present Governor of the Bank of Japan. He was ADB President from 2005 to 2013.

14 The Gini index is a statistical measure for determining levels of equality and inequality within a target population. The higher the number, the more unequal the distribution of income/wealth within a

More significant is Kuroda's explanation for Asia's situation.

> The forces driving Asia's rapid growth–new technology, globalization, and market-oriented reform–are also fueling rising inequality. Some income divergence is inevitable in times of fast economic development, but that shouldn't make for complacency, especially in the face of rising inequality in people's opportunities to develop their human capital and income-earning capacity. (Kuroda 2013)

Kuroda (2013) identified three groups in Asia that have benefited the most from the inequalities. The first group is composed of the "owners of capital" who "have seen their share of national income rise while that of labor has fallen"—the latter's large available pool having experienced "depressed wage rates relative to returns on capital." The second group includes urban and coastal dwellers benefiting from "better infrastructure and market access." The third group is represented by "better-educated graduates" who enjoy higher incomes relative to "those with just basic education."

In an IMF-hosted blog, Jain-Chandra, Kochhar, and Kinda (2016) also lamented that although "Asia continues to be the world's growth leader, [. . .] the gains from growth are less widely shared than before." Quoting the IMF's Asian Regional Outlook Document, the organization writes that "though millions have been lifted out of poverty thanks to the growth dividend alone, economic development has not benefited the region's populations equally or at the same pace, causing the region's income disparity to grow."

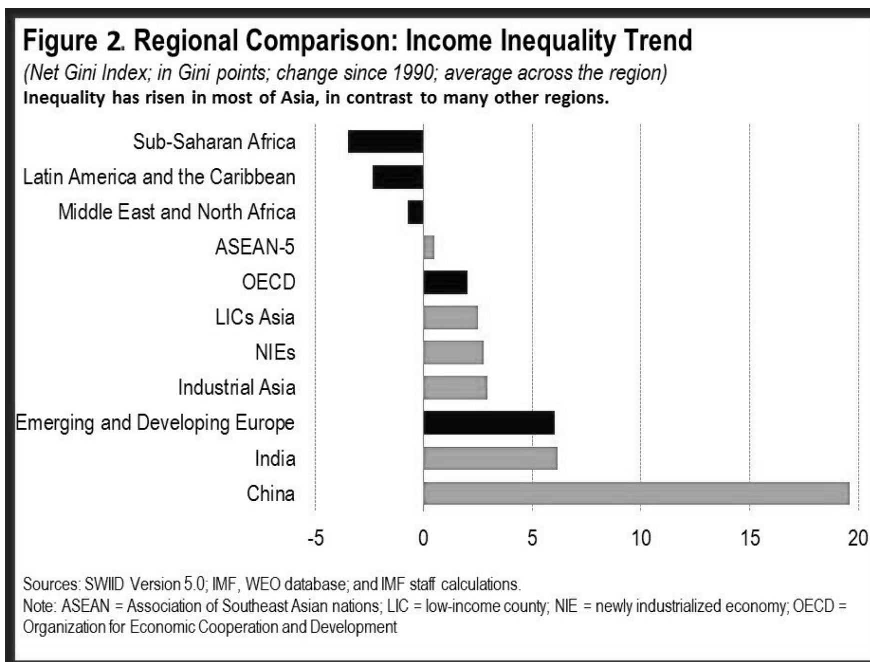
True to their analysis framework, however, Jain-Chandra, Kochhar, and Kinda (2016) largely ignored the role of capital accumulation, instead placing the blame for "much of the increase" in income inequality on "special disparities, particularly between rural and urban areas." They cite China and India for the latter explanation.

Figure 2 below reproduced by Jain-Chandra et al. (2016) shows the regional comparisons of income inequality trends. In Asia, both newly industrialized and industrialized economies, low-income countries, the ASEAN 5 (i.e., Malaysia, Singapore, Thailand, Philippines, and Indonesia), and, most especially, China and India, all registered higher increases in

population; conversely the lower the number, the less unequal is income/wealth distribution. A Gini index of below 40 is considered tolerable but above that, dangerous. It is not, however, a perfect measure of income/wealth distribution as it has its limitations. See, for example, Floyd 2022.

their Gini ratios compared to Sub-Saharan Africa, Latin America and the Caribbean, and the Middle East and North Africa.

FIGURE 2 ► Regional Comparison: Income Inequality Trend



Source: Jain-Chandra et al. 2016

Philippine Social Inequality

Throughout Asia, the Philippines notoriously stands out when it comes to social inequality. The latest World Bank calculations place the Philippines with the highest level of inequality in the region (see Table 1). In a grouping of 27 Asian countries monitored by the World Bank, the Philippines ranks first in inequality with a Gini ratio of 42.3. Four other countries, namely Iran (42.0), Papua New Guinea (41.9), Malaysia (41.1), and Turkmenistan (40.8) fall within the danger level of a 40 Gini ratio. Singapore (39.8). Sri Lanka (39.3), Lao PDR (38.8), China (38.5), and Indonesia (38.2) are at the borderline of the Gini index.

Income distribution in the Philippines shows a highly skewed pattern. Albert et al. (2020), working as a research team under the government think tank agency, Philippine Institute for Development Studies (PIDS), developed a typology of seven income groups and three income classes.

They used data from the 2018 Family and Income Expenditure Survey (FIES) conducted by the Philippine Statistics Authority (PSA). In terms of the three income classes, 47.7 percent of households fall under the low classes category, with earnings ranging from PHP 10,957 a month to PHP 21,914 a month. The middle classes comprise 50.1 percent, with incomes from PHP 21,914 to PHP 131,484 a month. The upper class, on the other hand, is a mere 2.1 percent, with incomes ranging from PHP 131,484 and above per month (Table 2).

TABLE 1 ► Asian Inequality Based on Gini Index[15]

Country	Gini	Year	Country	Gini	Year
1. Philippines	42.3*	2018	15. Uzbekistan	35.3	2003
2. Iran	42.0	2018	16. Thailand	34.9	2019
3. Papua New Guinea	41.9	2009	17. Tajikistan	34.0	2015
4. Malaysia	41.1	2015	18. Japan	32.9	2013
5. Turkmenistan	40.8	1998	19. Nepal	32.8	2010
6. Singapore	39.8	2018	20. Mongolia	32.7	2018
7. Sri Lanka	39.3	2016	21. Bangladesh	32.4	2016
8. Lao PDR	38.8	2018	22. Pakistan	31.6	2018
9. China	38.5	2016	23. Korea, Rep.	31.4	2016
10. Indonesia	38.2	2019	24. Myanmar	30.7	2018
11. Bhutan	37.4	2017	25. Kyrgyzstan	29.7	2019
12. Cambodia	36.6	2018	26. Timor-Leste	28.7	2014
13-14. India	35.7	2018	27. Kazakhstan	27.8	2018
13-14. Vietnam	35.7	2011			

Sources: The World Bank Group, "World Development Indicators," 25 January 2022; "World Data Atlas" (for Singapore)

*The PSA FIES for 2018 cites a higher PH Gini index of 42.67.

Given the wide range of incomes for each income class, Albert et al. (2020) subdivided them into seven income groups. Here, the inequality becomes starker. At the top of the seven subgroups, the "rich group" of families is reduced to 0.6 percent, whereas the lowest level (poor and low-

15 *The World Factbook* has the following Gini indices for Hong Kong (53.9, 2016), Taiwan (33.6, 2014), and Macau (35.0, 2013). No data exists for Brunei.

income classes) remain at 47.7 percent. Middle-class families are further subdivided into three subgroups—lower middle, middle, and upper middle with income shares of 32.7 percent, 13.08 percent, and 5.06 percent, respectively. Rich Filipino families, therefore, have incomes at least 20 times that of poor families. This violates Plato's dictum above that the rich should not have more than four times the poor's income.

Additionally, compared to distribution calculated according to families, the income distribution categorized according to individuals shows a more skewed inequality. Upper-class individuals would now simply comprise 1.29 percent of the population. Meanwhile, lower-class individuals would have a higher 56 percent share. The middle class would add up to 43.6 percent of individuals.

TABLE 2 ► Philippine Income Distribution, 2018

Category	Monthly Income	No. of families	%	No. of persons	%
Poor	Below PHP 10,957	2.9 M	12.24	17.7 M	16.84
Low income but not poor	PHP 10,957 to 21,914	8.4 M	35.44	40.7 M	38.72
Lower middle	PHP 21,914 to 43,828	7.6 M	32.07	31.0 M	29.49
Middle class	PHP 43,828 to 76,699	3.1 M	13.08	11.2 M	10.65
Upper middle	PHP 76,699 to 131,484	1.2 M	5.06	3.8 M	3.61
Upper income but not rich	PHP 131,484 to 219,140	0.358 M	1.51	1.0 M	0.95
Rich	PHP 219,140 and above	0.143 M	0.60	0.360 M	0.34
Totals		**23.7 M**	**100.0**	**105.1 M**	**100.0**

Source: PSA 2018

In 2021, the combined net worth of the 50 richest Filipinos, as reported by Forbes, was PHP 3.95 trillion (USD 79.1 billion), a staggering 20 percent of the country's 2021 GDP of PHP 19.387 trillion (USD 387.7 billion). The wealth of the richest 50 was also 88 percent of the Philippine government's budget for 2020 of PHP 4.1 trillion. Of the top 15 in 2021, six belong to only one family—the children of the late Henry Sy, with a combined wealth of USD 16.5 billion (PHP 800 billion). During 2021, the second year of the COVID-19 pandemic, the richest 50 Filipinos' wealth increased by 36.2 percent from the 2020 figure of PHP 2.9 trillion.[16]

Conventional Approaches to Inequality

Although the issue of wealth and income inequality has become an almost universal concern cutting across all streams of the political spectrum, approaches in addressing it have been varied. In particular, a typical conventional approach is represented by the views of then–ADB President Haruhiku Kuroda (2013). While admitting that the very type of economic growth that Asia enjoyed has also bred inequality, Kuroda (2013) emphasizes the need to merely harmonize economic growth with equalizing policy options. Regarding fiscal options, Kuroda proposes higher spending on “social sectors [such as] health, education, and social protection,” especially for “disadvantaged sectors.” Secondly, the gap between urban and rural sectors must be bridged through better infrastructure and the development of rural growth centers. Thirdly, Kuroda calls for “productive and decent jobs” within the context of “inclusive growth” and an environment “conducive to private investment” that is balanced between industry, services, and agriculture. Next, he promotes good governance through wider participation, the rule of law, anticorruption, and “elimination of social exclusion.” Finally, Kuroda calls for an end to “distortions that favor capital over labor,” supporting MSMEs, and generating more public employment.

Albert et al. (2020, 38–42), writing for PIDS, call for “emergency financial subsidies like social amelioration and small business wage subsidy” and “the importance of government efforts to provide social protection not only for the poor but also for segments of the income distribution that could likely to fall into poverty given economic contractions from reduced economic activities during the COVID-19 pandemic.” Using social protection as the core response to inequality, Albert et al. (p. 39) see it as situated at “the core of government policy, whether or not in the midst of a pandemic” including “progressive universal social protection . . . [access to] quality health care . . . [and] an unconditional cash transfer program (i.e., universal basic income).” At the same time, they also see the need to “[invest] in human capital, . . . supporting businesses, i.e., selected large firms and MSMEs” and to “mainstream the SDGs in the COVID-19 policy response” (p. 40).

16 This was a quick rebound from the 22 percent drop of the collective wealth of the top 50 Filipinos in 2020 to USD 60.6 billion from the 2019 amount of USD 78 billion, according to the Forbes data.

Overall, Albert et al. (2020) view the inequality reduction as promoting the middle class's expansion and achieving a middle-class–based Philippine society by 2040. While discussing the issue of Philippine inequality extensively, Albert et al. were more concerned with the statistical data without delving into socioeconomic analysis. Strangely, no mention is made of the works of Pikkety, Zucman, or Saez, when at the time Albert et al. wrote their paper, the three were already receiving serious attention from scholars, governments, policy and research think tanks, and the media worldwide.

In a 2018 press release, OECD took an improved approach—albeit an equivocal one—on wealth taxes. In *Taxation of Household Savings*, Pascal Saint-Amans, director of the OECD Centre for Tax Policy and Administration, discussed a "very strong case to be made for addressing income and wealth inequality through the tax system, notably by ensuring the effective taxation of capital" (quoted in OECD 2018a). Saint-Amans called on governments "to increase both the efficiency and fairness of their tax systems . . . greater tax neutrality . . . to foster more inclusive growth" (quoted in OECD 2018a). However, in a succeeding report, *The Role and Design of Net Wealth Taxes*, OECD (2018a) examines "the use of net wealth taxes . . . and assesses the case for or against the use of net wealth taxes to raise revenue and reduce inequality," but rejects it as a measure against inequality in the end. Instead, OECD (2018a) focuses on what it calls "broad-based personal capital income taxes, including capital gains taxes, and well-designed inheritance and gift taxes." In other words, this is a scaled-down and watered-down version of a wealth tax.

The OECD Conference on "Wealth Inequalities: Measurement and Policies," held on 26 April 2018, recognized the phenomenon of capital income generation that deepens inequality and leads to "increase[d] economic vulnerability and translate into political inequalities, limited social mobility and lower equality of opportunity . . . [and] increase the importance of rents and market power by some firms (OECD 2018b, 2). Despite this, and directly replying to Pikkety, OECD expressed pessimism over the efficacy of wealth taxes, as they have often "failed to meet redistributive goals, and that the revenues collected, with a few exceptions, have been very low." The group instead supports a tax on capital income rather than net wealth, as the latter is seen as discriminatory to taxpayers with "low-return and/or illiquid assets," such as "large family homes."

Overall, the above approaches are an improvement over the stale economic arguments based on "trickle-down" (or "rising tide") theories

that saw increasing inequality as a "natural outgrowth of the development process" and that government policies must continue to stay the course of aiming for greater economic growth and rely on the market to, in the long run, fix any problems associated with inequalities (Boushey and Price 2014, 2). This view is typical of Simon Kuznets's work.

> One might thus assume a long swing in the inequality characterizing the secular income structure: widening in the early phases of economic growth when the transition from the pre-industrial to the industrial civilization was most rapid; becoming stabilized for a while; and then narrowing in the later phases. (1955, 18)

Increasing social spending is a step forward, but it will not substantially relieve inequality for two reasons. One, large funds will have to be raised through reconfiguring current government budgets. This measure necessitates a shift away from a growth-oriented strategy, something that neoliberal economic managers are unwilling to do. The only recourse is to increase government borrowings from both domestic and foreign sources, thus driving the country further into debt. Two, focusing on social spending alone will not touch the insane amount of wealth in the hands of the super-rich, much of which is unearned, as the discussion below will show. The gap between the rich and the poor will then remain, and inequality will prevail.

In the end, however, these new but still conventional approaches to the inequality pandemic fail to strike at the roots of the problem: the tremendous amassing of wealth and power in the hands of a few billionaires, their relentless capture of higher shares of growth, their ability to escape just and appropriate taxation, the ever-increasing gap between the upper and lower classes, and the absence of tax justice due to the dominance of regressive policies that place a disproportionate tax burden on the latter. A more radical and all-encompassing approach must be adopted, developed, and implemented.

Part Two:
Wealth Tax as a Response to Social Inequality

Among the proposals addressing social inequality and its widening scope in the previous decades, none has resonated more and received as much attention as the imposition of a wealth tax. The *World Inequality Report 2018* asserts that a "business-as-usual" approach, meaning one relying on simply increasing economic growth, will only result in a further rise in global inequality. One of the suggested focal measures is that of "progressive taxation," i.e., a wealth tax. The same report makes the following campaign pitch:

> Tackling global income and wealth inequality requires important shifts in national and global tax policies. . . . Tax progressivity is a proven tool to combat rising income and wealth inequality at the top. Research has demonstrated that tax progressivity is an effective tool to combat inequality. Progressive tax rates do not only reduce post-tax inequality, they also diminish pre-tax inequality by giving top earners less incentive to capture higher shares of growth via aggressive bargaining for pay rises and wealth accumulation. Tax progressivity was sharply reduced in rich and some emerging countries from the 1970s to the mid-2000s. (Alvaredo et al. 2017, 18)

Oxfam's briefing paper *Public Good or Private Wealth* (2019) emphasizes the need to transform economies from shifting to prioritizing public services, such as universal health and education. The best way to make these possible is for "the richest people and corporations [to] pay their fair share of tax," thus driving a "dramatic reduction in the gap between the rich and the poor and between women and men" (Lawson et al. 2019, 2).

What Is A Wealth Tax?

The logical response to the dominant regressive and consumption-based tax structure is to go the other way, i.e., progressive taxation. The concept, however, is a general one; it includes personal income tax, earned income tax, inheritance tax, property tax, and a wealth tax, among others (Atkinson 2015, 179). Although a wealth tax is just one form of progressive taxation, it is the most meaningful form. Wealth tax covers a lot more ground than all other types do, including the fact that other forms can actually be subsumed under it. Thus, although the general demand could be for "progressive taxation," the specific and more focused call with the most far-reaching impact would be for a "wealth tax."

Pikkety (2014, 505) distinguishes between four categories of taxes—income, consumption, contributions to social insurance programs, and capital. Noting that certain ambiguities and "unclear dividing lines" may exist, for instance, between taxes on income and capital, Pikkety makes the following general distinctions:

> [T]he income tax applies in principle to capital income as well as earned income and is therefore a tax on capital as well. Taxes on capital generally include any levy on the flow of income from capital (such as the corporate income tax), as well as any tax on the value of the capital stock (such as a real estate tax, an estate tax, or a wealth tax). Consumption taxes include value-added taxes as well as taxes on imported goods, drink, gasoline, tobacco, and services. Contributions to government-sponsored social insurance programs . . . are a special type of tax on income [whose] proceeds go to . . . funds intended [for] . . . pensions for retired workers or unemployment benefits for unemployed workers. (2014, 494)

Pikkety notes that a wealth tax must be sharply differentiated from income tax. The former is imposed on the wealth possessed by individuals and is based on the market value of owned assets minus debts and other liabilities—in other words, one's net worth. It can also be called a "capital tax" or "equity tax." A wealth tax has similarities with a property tax but goes beyond real estate levies, as it covers wealth in all its forms, such as anything tangible or intangible with monetary value. These "include [but are not limited to] cash," landholdings, "bank deposits, shares [of stocks], fixed assets, personal [vehicles], real property, pension plans, money funds, owner-occupied housing, . . . trusts," jewelry, yachts, planes, works of art, antique collections, copyrights, etc. (M. P. Scott 2022). Michalos

presents the list provided by Statistics Canada's Survey of Consumer Finances as follows:[17]

> . . . deposits and savings certificates in chartered banks, trust companies and other institutions, cash on hand, savings bonds, other government bonds, all other bonds, publicly traded stocks and shares, mortgages, loans to other persons and businesses, amounts (including accrued interest) held in retirement savings plans, registered home ownership savings plans, other financial assets such as trust funds, cars, market value of owner-occupied homes, equity in vacation homes, other real estate and business, farm, and professional interests. (Statistics Canada 1979a, 8–9 quoted in Michalos 1988, 109)

Meanwhile, liabilities—which would be deducted from a person's total worth—are debts such as credit card debts, bank and personal loans, amortization or installment payments, promissory notes, and so on. Michalos offers the following deductibles:

> . . . money owed on credit cards, charge accounts and instalment debts, bank loans secured by stocks and bonds and household goods, student loans, all other bank loans, loans from sales finance and consumer loan companies, credit unions, other institutions such as savings banks, life insurance companies, other miscellaneous debts and mortgage debt on the owner-occupied homes. (Statistics Canada 1979a, 8–9 quoted in Michalos 1988, 109)

Rationale for a Wealth Tax: Dimensions of Tax Justice[18]

The most important rationale for a wealth tax is to reverse the age-old trend of rising inequality. Pikkety (2014) proposes a global system of progressive wealth taxes to help reduce inequality and reverse the trend of the vast majority of wealth coming under the control of a tiny minority. Wealth taxes are meant to move society in the opposite direction—that of promoting equality. Wealth tax revenues are to be used by governments principally to promote social equity by reducing disparities in wealth holdings. Opting for the maximum and most radical solution, Pikkety proposes a confiscatory global tax on inherited wealth: 80 percent on incomes above USD 500,000 a year in the United States. Jomo

17 Michalos had specific items that were Canada-centered. I have made these more globally relevant as they would apply in other countries.

18 This section on "Rationale for a Wealth Tax" appears, in abridged forms, in Tadem 2022c and Tadem 2022d.

Kwame Sundaram (2021) stresses that "to be equitable, taxation must be progressive" and that "wealth taxes are the most progressive way to raise revenue while also reducing inequalities." The point is to "get more revenue from those most able to pay while reducing the burden on the needy."

Secondly, a wealth tax is also meant to respond to social unrest and instabilities. Perhaps the most significant global manifestation of the connection between inequality and social unrest was the Occupy Movement of 2011–2012. Having begun at Wall Street, New York City, the movement protested inequality between the 1 percent and the 99 percent and called attention to corporate greed and the fact "that poorly regulated banks and corporations associated with Wall Street are unsustainable institutions, whose economic and political power is at direct odds with democracy in America" (Wedderburn et al. 2012). Starting on 17 September 2011, the movement swept across the U.S. with over 600 actions in different cities and spread globally to over 95 cities in 82 countries. Pikkety (2022) also recounts other protest movements in countries revolving around inequality concerns.

> The revolt of the *gilets jaunes* ("yellow vests") in France in 2018, . . . at the beginning of the 2020s, the Black Lives Matter, #MeToo, and Fridays for Future movements are showing an impressive ability to mobilize people around racial, gender, and climatic inequalities, across national borders and generations. Taking into account the social and environmental contradictions of the current economic system, it is likely that such revolts, conflicts, and crises will continue to play a central role in the future, under circumstances that it is impossible to predict with precision.

Andrew Palmer (2015) noted that extreme levels of inequality place "increasing pressures on the bottom 40% of the population [which] will result in higher levels of social volatility." He cited the London riots of August 2011, which were violent reactions to racially motivated police violence. According to him, these provide clues on what may happen "[i] f large sections of the population in any country decided that civil unrest was their only option when dealing with a system that was seen as biased to the ultra-wealthy and unjust, then the police and security authorities would ultimately be unable to contain the violence, and social breakdown could be the outcome."

A third rationale for a wealth tax is to correct the current dominant regressive tax system throughout the capitalist world. Saez and Zucman (2019), two of Pikkety's closest collaborators, noted that "over the past half century, even as their wealth rose to previously unseen heights, the richest Americans watched their tax rates collapse." Conversely, in the

same period, the tax rates for the working classes increased even as their wages stagnated, and their working conditions deteriorated. As such, "[f]or the first time in the past hundred years, the working class—the 50 percent of Americans with the lowest incomes—today pays higher tax rates than billionaires" (Saez and Zucman 2019). On this issue, Tony Salvador (2022) argues that in the Philippines, "(1) the poor's effective tax rate is much higher than those who would be subject to the wealth tax; (2) the tax on income of workers is higher than the tax on the passive incomes of the rich; the poor do not have passive incomes; and (3) the increase in value of the assets of the rich is not taxed until they are sold."

Sundaram (2022) pointed out that in the immediate post-colonial period, taxes became more progressive in most newly independent societies. In the last four decades, however, "most governments have reformed tax policies for the worse, reducing tax revenue shares and shifting the tax burden from the better off to the public at large." Sundaram traced the decline of progressive taxation to "policy advice from international financial institutions and political pressure from powerful elites and foreign investors."

Fourth, the richest are also the most notorious for rampant tax evasion. Corbett (2019) observed that the world's top billionaires—owners of Amazon, Apple, Facebook, Google, Microsoft, and Netflix—"have collectively dodged over USD 100 billion in global taxes so far this decade . . . with the bulk of this shortfall almost certainly [arising] outside the United States . . . in tax havens in Bermuda, Ireland, Luxembourg, and the Netherlands." Thus, although the U.S. corporate tax rate was 35 percent, Amazon (Jeff Bezos) paid just 11.27 percent; Facebook (Mark Zuckerberg), 10.2 percent; Google paid 15.8 percent; Netflix 15.8 percent; Apple, 17.1 percent; and Microsoft (Bill Gates), 16.8 percent.

In the 2023 report *Survival of the Richest*, Oxfam noted that "only 4 cents in every dollar of tax revenue comes from wealth taxes, and half the world's billionaires live in countries with no inheritance tax on money they give to their children" (Christensen et al. 2023, 7). Oxfam also observed that "the spectacular rise of wealth and income at the very top has coincided with a collapse in taxes on the richest 1%," this phenomenon being a general trend cutting across all the world's regions (p. 11).

Figure 3 below, covering the period from 2014 to 2018, shows that tax evasion by billionaires is much more unbridled than shown by the numbers

above (Eisinger et al. 2021). Warren Buffet (Berkshire Hathaway), whose wealth grew by USD 24.9 billion during the four-year period, paid only 0.10 percent in tax out of his total reported income of USD 125 million. Jeff Bezos (Amazon) paid 0.98 percent of his reported income of USD 4.22 billion even as his wealth grew by USD 99 billion. Michael Bloomberg's wealth increased by USD 22.5 billion but paid only 1.3 percent of his reported income of USD 10 billion. Lastly, Elon Musk (Tesla Corp) paid 3.27 percent in tax on his reported income of USD 1.52 billion even as his wealth went up by USD 14 billion. In sum, the richest persons in the world can get away with paying hardly any tax (Christensen et al. 2023).

Big corporations and billionaire individuals are known to relocate to countries with low tax rates: the so-called tax havens. They set up shell companies apart from engaging in illicit financial flows (IFFs), such as transfer pricing and vertical integration. Zucman (2015, 48) estimates that "globally, around 8% of households' financial wealth is held in tax havens" or USD 7.6 trillion out of a total of USD 95.5 trillion, as of 2014. Despite its seemingly domestic-sounding name, Zucman defines household financial wealth as "the sum of all the bank deposits, portfolios of stocks and bonds, shares in mutual funds, and insurance contracts held by individuals throughout the world, net of any debt" with Switzerland alone accounting for USD 2.3 trillion.[19]

Tǿrslǿv, Wier, and Zucman (2023, 1499, 1518) estimated that out of a total of USD 1.7 trillion in multinational profits globally, "36% (about USD 600 billion) were shifted to tax havens." American multinationals shifted "twice as much profits as other multinationals relative to the size of their foreign earnings." Using "new macroeconomic data known as foreign affiliates statistics," the three economists showed that "if shifted profits were reallocated to their source countries . . . [d]omestic profits would increase by about 20% in high-tax European countries, 10% in the United States, and 5% in developing countries, while they would fall by 55% in tax havens." Profit shifting by American multinationals has resulted in a loss of USD 143 billion in the United States in 2018 alone.

Furthermore, Tørsløv, Wier, and Zucman (2023, 1519) revealed that foreign firms in havens benefit from "excess profitability" with their

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19 Other prominent tax havens are Singapore, Hong Kong, the Bahamas, the Cayman Islands, Luxembourg, and Jersey. Zucman, of course, discounts the "offshore" accounts held by the millions of migrant workers from developing countries and employed in developed societies.

"profits-to-wage ratio of 277% globally, and local firms in havens a ratio of 34%, a difference by a factor of 8." In 2015, the ratio was as high as 800 percent in Ireland and 1,625 percent in Puerto Rico.

In 2016, the Panama Papers leak revealed that many high-profile individuals and corporations used offshore tax havens to avoid paying taxes. The leak led to numerous investigations and prosecutions around the world.[20]

In 2021, *ProPublica* released an investigative report showing that billionaires Warren Buffett, Jeff Bezos, and Elon Musk were among 25 of the wealthiest Americans who had paid little or no federal income tax between 2014 and 2018 (Eisinger, Ernsthausen, and Kiel 2021). The report sparked renewed calls for tax reform and greater oversight of wealthy individuals and corporations.

FIGURE 3 ► The Ultrawealthy by the Numbers

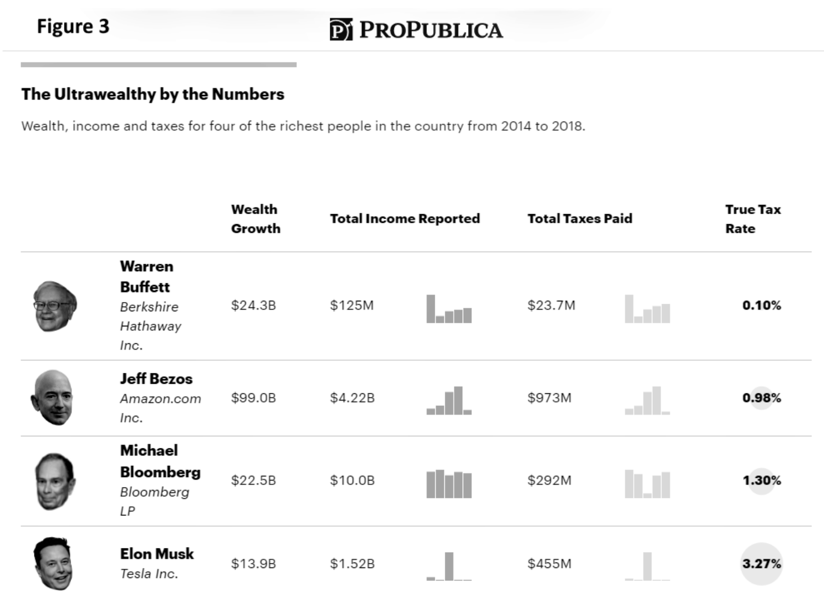


Figure 3 — PROPUBLICA

The Ultrawealthy by the Numbers

Wealth, income and taxes for four of the richest people in the country from 2014 to 2018.

	Wealth Growth	Total Income Reported	Total Taxes Paid	True Tax Rate
Warren Buffett *Berkshire Hathaway Inc.*	$24.3B	$125M	$23.7M	**0.10%**
Jeff Bezos *Amazon.com Inc.*	$99.0B	$4.22B	$973M	**0.98%**
Michael Bloomberg *Bloomberg LP*	$22.5B	$10.0B	$292M	**1.30%**
Elon Musk *Tesla Inc.*	$13.9B	$1.52B	$455M	**3.27%**

Source: https://propublica.org/article/the-secret-irs-files-trove-of-never-before-seen-records

Source: Eisinger, Ernsthausen, and Kiel 2021

On top of or in conjunction with rampant tax avoidance by individual multimillionaires and billionaires, is the practice by multinational

20 The next section enumerates examples of high-profile cases of tax evasion/avoidance that have been prosecuted.

corporations known as “base erosion and profit shifting” (BEPS). In characterizing the manipulative corporate-tax-avoidance strategies, Healy Consultants (2023) submits the following definitions:

> Base erosion is the use of financial measures and tax planning to reduce the size of a company’s taxable profits in a country. It is often achieved by structuring income to have more favorable tax treatment or by finding ways to write off certain expenditures against taxable income. This has the effect of reducing a company’s tax bill below what it would otherwise be expected to pay.
>
> Profit shifting involves making payments to other group companies in order to move profits from high-tax jurisdiction regimes. This serves to increase the overall profits available to group shareholders. Often, these intra-group payments (known as “transfer pricing”) take the form of royalties and interest payments, as these expenses can be deducted from pre-tax profits. Another advantage of these payment types is that some jurisdictions have lower tax rates on these types of income; Luxembourg, for example, has a very favorable regime on royalty income.

Healy Consultants points out that “multinational groups of companies are best placed to take advantage of these tax avoidance tactics due to . . . (1) their global-wide operations of a “ready-made network of companies through which group funds can flow;” (2) their access to capital to “set up and maintain entities used for tax reduction purposes;” and (3) their large incomes support the costs, putting in place and updating of tax-structuring advice.

Healy Consultants (2023) further enumerates the techniques used in base erosion and profit-shifting. The first is “trademark and technology licensing/transfer pricing,” which refers to “managing the group’s trademark, designs, and patents through an entity that applies a lower tax rate to intellectual property, then charging group companies royalties on the use of the brand.” The second is “thin capitalization” through setting up “subsidiaries with minimal share capital” and “funding the new company’s operations with debt” sourced from a financing arm. The third is “hybrid match arrangements,” where different tax regimes between countries can be exploited to reduce tax payments, where “national treatment of certain instruments are treated in a paying country as tax deductible debt but are seen in the receiving country as tax-exempt dividend.” The fourth and last is “putting assets into entities without substance” such as paper companies to take advantage of preferential tax regimes promulgating “patent box” laws to entice investments.[21]

In the Philippines, the richest are not necessarily the top income taxpayers, whether they be corporations or individuals. Data compiled by the Department of Finance's (DOF) "Tax Watch" service shows that in 2012, "only 25 out of the 40 richest Filipinos (as reported by Forbes) are on the Bureau of Internal Revenue's (BIR) list of top individual tax payers" (Bacani 2013). Tax Watch also disclosed that among the top 100 corporations in terms of gross revenues reported by the Securities and Exchange Commission (SEC), 39 are not listed among the BIR's top 500 corporate taxpayers for 2012.[22]

As another indicator, DOF also examined individuals holding senior management and executive positions in five industries to determine how many of them are in the BIR's list of 500 top taxpayers (see Table 4). The five industries are mining and quarrying, transport and storage, the media sector, agriculture, and hotel and food services. Despite these industries having total employment of 15.2 million in the workforce, only 49 senior management and executive officers made the BIR list.

Even when identified by the government and charged accordingly, rich tax evaders are also able to escape prosecution or penalties. In the Philippine case, the BIR's "Run After Tax Evaders (RATE)" project has a pitiful accomplishment record. As reported by the agency, out of 929 cases against tax evaders from 2005 to December 2018 with total tax collectibles of PHP 148.35 billion, only 14 have been resolved with only 10 convictions.

TABLE 4 ► Industry Underrepresentation of Executives and Senior Management in BIR 500 List

Industry	Workforce	Rank in the list
Mining and Quarrying	263,200	10
Transport and Storage	2.63 million	14
Media Sector	13,167	13
Agriculture	10.68 million	7
Hotel and Food Service	1.58 million	5
Total	15.166 million	49

Source: DOF, Tax Watch

21 "A patent box—also referred to as intellectual property (IP) regime—taxes business income earned from IP at a rate below the statutory corporate income tax rate, aiming to encourage local research and development. Many patent boxes around the world have undergone substantial reforms due to profit shifting concerns" (Tax Foundation, "What is a Patent Box?", https://taxfoundation.org/tax-basics/patent-box/).

22 Unfortunately, DOF has ceased to issue these incriminating reports after 2012. See Appendices for the detailed information on these reports.

FIGURE 4 ► Status of RATE Cases Filed from 2005 to 31 December 2018

Figure 4: Status of RATE cases filed from 2005 to December 31, 2018

Status	Total
Cases pending at the DOJ (2005 to Present)	929
Cases pending before the Courts	68
Cases dismissed by courts	53
No. resolved by Courts in favor of the Government	
-Convicted	10
-Acquitted (but with Civil Liability)	4
Estimated Tax Liability	148.35B

Source: DOF, Tax Watch

The fifth reason is that, on top of grossly underpaying their corporate taxes, the richest individuals and families also take advantage of huge incentives granted by the government for their corporations. "Such incentives *inter alia* include tax holidays, accelerated depreciation and 'loss carry-forward' provisions—reducing tax liability by allowing past losses to offset current profits granted by governments" (Chowhury and Sundaram 2022). In many developing countries, generous tax breaks take place in exclusive enclaves. An example is special economic zones (SEZs), where "normal rules and regulations on taxation and other laws" are suspended. In the Philippines, while the regular corporate tax stands at 25 percent, firms in SEZs pay no more than 5 percent. Aside from a smaller tax rate, SEZs enjoy perks such as tax-free imports and exports. In addition, the government covers the costs of infrastructure development including airstrips and factory buildings in SEZs (Tadem 2022b).

Sixth, a large chunk of the wealth held by billionaires and the upper crust of the rich stem from unearned super profits that are not plowed back into the economy through new and added investments (Montes 2021). This has been calculated by "estimating a 'normal' rate of return versus the actual rate of return," which shows that "profits have exceeded normal rates of return." Montes (2021) traces this to the following practices:

> One is monopolization of markets, including increased ability to enforce price discrimination on consumers and users. Another is international firms

> are generating what the IMF has called "false profits" derived mainly from the use of facilities to put out of reach of tax authorities' profits that were supposed to pay to them. These are profits that are not based on value-added, that is not based on economic activity. So we have an economic system that is shoveling wealth to selected actors that has nothing to do with their roles in the economy.

Seventh, Montes' point is related to the issue of declining labor shares in the gross value created by economic production being disproportionate to the increasing shares of the capitalist class (Barkai 2020). Such development is rationalized as a trade-off between labor and capital, as firms have allegedly "substituted expenditures on labor inputs into production with expenditures on physical capital inputs into production" (p. 2421). Distinguishing capital inputs and pure (and therefore unearned) profits, Barkai (p. 2421) convincingly shows that by charging consumers high prices not justified by the production costs, the owners of capital are merely accumulating pure profits at "the expense of the labor share." Market power thus increases while fair competition declines. Montes (2022) argues that "if the capitalists had invested more, they could have caused more employment." Inequality between labor and capital and between rich and poor could have been partially mitigated.

The Philippine case graphically illustrates the above argument. Economist James Matthew Miraflor (2023) presents compelling statistical evidence on the huge disparities between labor and capital with respect to income shares. The succeeding four paragraphs summarize his argument.

Although real GDP grew by an average of 5.4 percent and labor productivity by 3.1 percent from 2001 to 2016, real wages did not grow—and there were even years when growth was negative. According to the PSA, the share of wages in the 2021 GDP is only 36.67 percent (PHP 7.12 trillion), with a portion going to the government as income tax. Meanwhile, the other 63.32 percent of GDP went to capitalists and the taxes they paid on production and imports. If we exclude taxes and subsidies, a whopping PHP 10.82 trillion accrues as gross operating surplus to capitalists, or 55.72 percent of GDP!

Deducting "capital depreciation" or "consumption of fixed capital" in the years from 2012 to 2018 would net an average of 9.5 percent—in 2021, this would be around PHP 1.84 trillion. We then come up with a net operating surplus of PHP 8.97 trillion accruing solely to capitalists, 26 percent more than total wages. As for capital investments, if we liberally

assume that the gross fixed capital formation of PHP 5.46 trillion in 2022 solely came from the capitalist class, we still end up with a hefty PHP 3.51 trillion, around half of total wages.

Calculations based on the 2021 Financial Inclusion Survey of the Bangko Sentral ng Pilipinas (BSP) give us a figure of about 334,522 capitalists or three-quarters of a percent of the country's population. The combined income of this group exceeds by 26 percent the combined income of the other 99.2 percent. The PHP 3.5 trillion net income of the capitalist class translates to an average annual per capita yield of PHP 4.6 million for capital owners, or around PHP 390,000 a month. Of course, those at the very top can earn millions of pesos a day and some tycoons earn more as executives, directors, or managers of the companies they own.

A Filipino minimum wage worker earns a mere PHP 11,599.20 a month (PHP 537 times 21.6 working days), an amount 16 percent short of the PHP 13,799 monthly poverty threshold for a family of five. This figure highlights the grim reality that a single breadwinner cannot cross the poverty threshold. Meanwhile, the average capital owner earns at least 33 times the average wage earner.

Eighth, to raise funds for pandemic response, governments, especially in developing countries, had to incur large foreign and domestic loans. Debts have been accumulating for many developing countries, sparking an impending debt crisis. The Philippine government debt stood at PHP 13.7 trillion (USD 247 billion) as of January 2023, a 14 percent increase of from the PHP12.03 trillion a year earlier. This debt then went up by 2.1 percent from PHP 13.42 trillion in December 2022 (Simeon 2023). The resulting debt-to-GDP ratio hovered between 60.9 percent to 63.5 percent for several months. This fluctuation pushed the country past the recommended threshold of 60 percent for debt manageability.

This level of debt ratio has not been experienced by the country in 16 years, since the Macapagal-Arroyo administration in 2005.[23] This development has prompted Fitch Ratings to post a "negative outlook" on the Philippines' credit rating. This means a possible downgrade from the current "BBB" rating. Pikkety (2014, 540) argues,

23 Rather than incurring more debts, the Freedom from Debt Coalition (FDC), has instead called for a cancellation of "odious and illegitimate debts" and a suspension of debt payments during the pandemic to avert what it calls "a debt bomb." At the same time, FDC is pushing for "a wealth tax on the country's top billionaires" to fund COVID-19 responses (Business Mirror 2021).

> There are two main ways for a government to finance its expenses: taxes and debt. In general, taxation is by far preferable to debt in terms of justice and efficiency. The problem with debt is that it usually has to be repaid, so that debt financing is in the interest of those who have the means to lend to the government. From the standpoint of the general interest, it is normally preferable to tax the wealthy rather than borrow from them.

Ninth, a wealth tax could go a long way in funding responses to the still-raging COVID-19 pandemic, especially in developing countries. These responses include vaccine procurement, health service upgrades, social amelioration, emergency employment, information and education campaigns, and other measures. As noted above, developing countries simply do not have the surplus funds to address a health emergency of pandemic proportions.

Since 2020, the Philippine government has had to borrow PHP 1.3 trillion and access foreign grants of PHP 2.7 billion, mainly to procure COVID-19 vaccines (Tomas 2022). These amounts, however, are still seen to be supporting only short-term and stop-gap solutions. They are also inadequate to effectively confront the pandemic's myriad challenges, particularly for the country's medium and long-term health and health-related needs.

With respect to pandemic responses, Oxfam paid particular attention to the use of a wealth tax to mitigate the impact on women and gender concerns. The organization observed that "women and girls suffer domestic violence and job losses," especially in the informal sector (Ahmed et al. 2022). Noting that the pandemic had more women falling into poverty, Oxfam "called for wealthiest beneficiaries of pandemic [to] be taxed to fund childcare, education, and work opportunities for women in the Global South."

The Asian Peoples' Movement on Debt and Development (APMDD) sums up its argument for a wealth tax on the following grounds (2022):

- "Help governments raise more domestic revenues to fund public services, and make health and education more accessible and available for all, and ease the tax burdens that fall most heavily on marginalized sector;
- Help curb inequalities, by sharply taxing the wealth of billionaires (and millionaires), and help curb the continuing amassing of wealth, profits and power in the hands of an elite minority at the expense of the majority;

- Help generate public finances so urgently needed for a just, inclusive, transformative and sustainable people's recovery; and
- Help build stronger, resilient, sustainable economies that move away from aid and debt-dependence."

Cases of Tax Evasion and Avoidance

Has any billionaire, super-rich individual, or corporation ever been reported, indicted, charged, and penalized for tax evasion/avoidance? This question was posed to the artificial intelligence chatbot ChatGPT and generated numerous high-profile examples, as follows (with some edits and cross-referencing):

> In 2016, the European Commission ordered Apple to pay Ireland EUR 13 billion (USD 14.9 billion) in back taxes, ruling that the tech giant had received illegal tax benefits from the Irish government. In 2019, French luxury goods company Louis Vuitton Moet Hennessy (LVMH) was fined 200 million euros by French authorities for tax evasion. The company had allegedly used offshore tax havens to avoid paying taxes on profits from its luxury brands.
>
> In 2015, HSBC's Swiss private banking arm was found to have helped wealthy clients avoid paying taxes. The bank paid USD 1.9 billion in fines to US authorities and agreed to cooperate with the French authorities. In 2014, Credit Suisse pleaded guilty to helping wealthy Americans evade taxes and agreed to pay USD 2.6 billion in fines. In 2013, UBS paid a USD 780 million fine to US authorities after admitting to helping American clients evade taxes. In 2018, UBS was again found guilty of tax fraud and illegal solicitation of clients by a French court and ordered to pay a fine of EUR 3.7 billion (USD 4.2 billion). The bank was accused of helping French clients hide their assets from the tax authorities.
>
> In 2020, Bloomberg News reported that Michael Bloomberg, the billionaire businessman and former New York City mayor, had used a tax strategy known as "the Billionaire Loophole" to avoid paying billions of dollars in taxes over the years. While Bloomberg has not been charged with any crimes related to his tax strategy, the report sparked renewed scrutiny of his wealth and tax practices.
>
> In 2021, billionaire Leon Black, the founder of private equity firm Apollo Global Management, was accused of using a controversial strategy known as "carry interest" to avoid paying taxes on USD 3 billion in income over the course of several years.[24] Though Black denied any wrongdoing, he,

24 "Carry interest" refers to a portion of profits earned by private equity firms that is paid to their partners as a form of compensation.

however, agreed to pay USD 158 million to settle the allegations and avoid litigation. This settlement is one of the largest ever reached in a tax case and represents a significant portion of Black's wealth, which is estimated to be around USD 10 billion.

In 2007, billionaire real estate developer Igor Olenicoff pleaded guilty to tax evasion and agreed to pay USD 52 million in back taxes, penalties, and interest. Olenicoff had hidden assets worth hundreds of millions of dollars in offshore bank accounts and had failed to report the income from those accounts on his tax returns.

In 2018, Russian billionaire Dmitry Rybolovlev and owner of AS Monaco football club was arrested by Monaco authorities on charges of tax evasion, fraud, and influence peddling. He was accused of using a network of offshore companies to avoid paying taxes on the sale of an artwork. He was later released on bail. In 2020, he was ordered to pay his ex-wife USD 4.5 billion, which included assets that he had hidden in offshore companies and trusts in what is believed to be the largest divorce settlement in history. The case highlighted the use of offshore tax havens by wealthy individuals to hide their assets and avoid paying taxes.

Isabel dos Santos, the billionaire daughter of Angola's former president was charged with fraud, embezzlement, and money laundering by authorities in Angola in 2019. She was accused of using her position to siphon millions of dollars from state-owned companies and avoid paying taxes.

Jho Low, a Malaysian businessman and former fugitive, was indicted by the U.S. Department of Justice in 2018 on charges of using offshore accounts to evade taxes, money laundering, and conspiracy to violate the Foreign Corrupt Practices Act.

Ty Warner, the billionaire founder of Beanie Babies, was sentenced to two years of probation and 500 hours of community service in 2014 for failing to report income from a Swiss bank account. He also paid a USD 53 million penalty to the IRS.

ChatGPT notes that these are just a few examples, and "there have been many more cases where corporations and individuals have been penalized for tax evasion/avoidance." However, the AI chatbot notes "that the penalties and fines levied on these entities may not always be sufficient to deter tax evasion/avoidance, and that there is an ongoing debate about the effectiveness of international agreements in combatting these practices." Furthermore, "it is worth noting that many cases of tax evasion and avoidance go undetected or unpunished, and there are ongoing debates about how best to address this issue."

Global and Regional Proposals for Wealth Tax

Pikkety's original 2014 proposal was for a "fairly moderate" wealth tax rate "on the order of a few percent" and imposed yearly (Piketty 2014, 528–30). This is to be differentiated from a "tax collected only once a generation, such as an inheritance tax [which] can be assessed at a very high rate: a third, a half, or even two-thirds." Imposing such high rates every year, however, would deplete the nation's wealth so that "there would be nothing left to tax after a few years." In Europe, a wealth tax of from 1–5 percent per year that would affect 2.5 percent of the population could still bring in substantial and significant revenues. In any case, Pikkety argues for a wealth tax higher than the average increase in wealth to reduce inequality instead of increasing it.

For a wealth tax to be successfully implemented, Pikkety (2014) proposes the "automatic sharing of bank information" within and between countries. This is a system that he sees as feasible within regional groups like the European Union. If such a system is in place, "it would make sense to tax net wealth below 200,000 euros at 0.1 percent and net wealth between 200,000 and 1 million euros at 0.5 percent" and going all the way to a maximum of 5 percent for those who have the "largest fortunes."[25] Pikkety, however, does not discount "a more ambitious goal" of 10 percent or higher on billionaires. He adds that "it makes little sense to take the yield on public debt as a reference as is often done in political debates" for determining wealth tax rates as it is obvious that "the largest fortunes are clearly not invested in government bonds" (p. 530).

Additionally, to "diffuse wealth at the base while limiting concentration at the summit," the income from the "progressive tax on private wealth" should be used to "finance a capital endowment to be given to each young adult (at age 25, say)" that would be equivalent to 60 percent of the average wealth (Pikkety 2020, 981–984). As an example, Pikkety cites the United States, Western Europe, and Japan, where the average private wealth was roughly 200,000 euros in the late 2010s. Thus, upon reaching the age of 25, each young adult would receive 120,000 euros, a kind of "public inheritance . . . to begin his or her professional life."

25 See discussion below on the October 2014 exchange of tax information agreements currently signed on to by 65 countries. This agreement came after Pikkety's 2014 publication of *Capital in the 21st Century.*

Income taxes are also a form of a wealth tax and increasing it for the upper tier of society will also contribute to decreasing inequality. Pikkety (2014, 508–9) argues for a top income tax rate of 90 percent, while noting that "all told, over the period 1932–1980, nearly half a century, the top federal income tax rate in the United States averaged 81 percent" but fell drastically to 30–40 percent from 1980 to 2010. Atkinson (2015, 187), on the other hand, proposes a top personal income tax rate of 65 percent for the United Kingdom, a hefty increase over the 2015 rate of 45 percent. Meanwhile, he observes that, after all, "the U.K. has had a top income tax rate of 65 per cent or higher for nearly half the past 100 years" (p. 187).

The wealth tax became an issue in the U.S. presidential electoral contests in 2016 and 2020, with campaigns launched by the socialist Senator Bernie Sanders in 2016 and 2020 and Senator Elizabeth Warren in 2020. During the 2016 primaries for the Democratic Party nomination for President, Sanders proposed a range of tax increases aimed at corporations and households earning USD 32 million a year or more (Figure 5). However, discussions on wealth taxes gained extended prominence during the 2020 campaign with two Democratic hopefuls, Senators Warren and Sanders, both presenting proposals for increased taxes on the rich (Rainey and Rosenberg 2019; Belmonte 2019b).

Warren's wealth tax plan would impose a two percent tax on persons with a net worth over USD 50 million and a three-percent levy on those with over USD 1 billion in net worth. Sanders, on the other hand, went further and proposed an eight-tier plan, starting with one percent tax on those with USD 32 million to USD 50 million and rising to a high eight percent on those with USD 10 billion or more in net wealth (Figure 5).

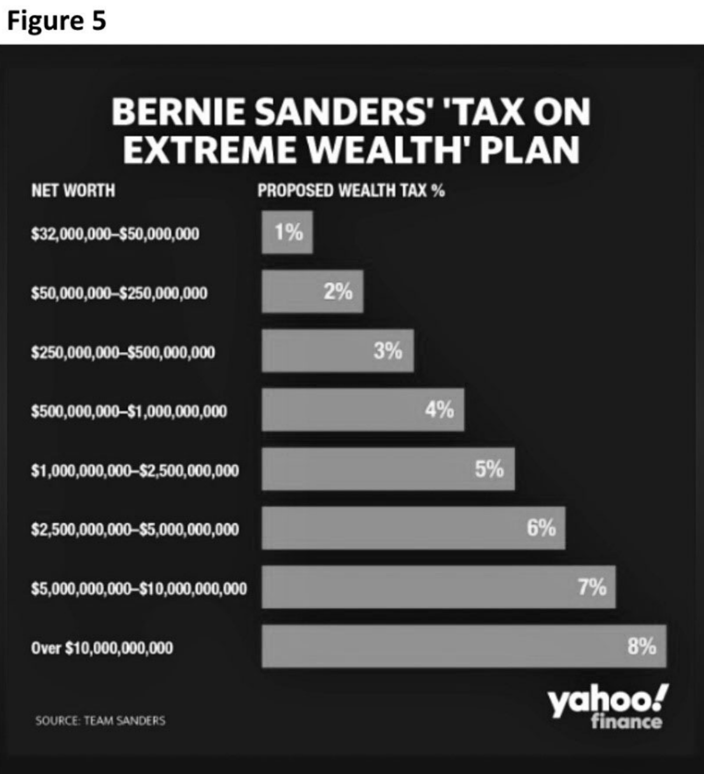
Both Warren and Sanders would later formalize their proposals with the filing of proposed legislation in 2020 and 2021. In light of the COVID-19 pandemic, Sanders and two Senate colleagues filed "The Make Billionaires Pay Act" on 6 August 2020. That bill would impose a one-time tax of USD 731 billion on the wealth accumulated by 467 billionaires—the richest 0.001 percent of Americans. The tax would cover the period from 18 March to 5 August 2020, "a period in which 5.4 million Americans lost their health insurance and 50 million applied for unemployment insurance" (Sanders 2020).

Elizabeth Warren's wealth tax bill, entitled the "Ultra Millionaires Tax Act of 2021," was filed in March 2021. The said bill

> imposes a tax on the net value of all taxable assets of the taxpayer on the last day of any calendar year (wealth tax). The amount of such tax shall be equal to the sum of 2% of the amount of taxpayer assets exceeding $50 million but not in excess of $1 billion, plus the applicable percentage (3% or 6% if certain legislation is in effect) of the net value of such taxable assets exceeding $1 billion. There is no tax on the net value of taxable assets not in excess of $50 million. (Warren 2021)

Warren's proposal includes a "punitive exit tax" on U.S. citizens giving up their citizenships to avoid paying the wealth tax levied at 40 percent of one's net worth above USD 50 million. The bill was cosponsored by eight other US senators, including Bernie Sanders.

FIGURE 5 ► Bernie Sanders' "Tax on Extreme Wealth" Plan



Source: Belmonte 2019b

Sanders' and Warren's proposals came in the wake of survey results in February 2019, showing that 70–76 percent of registered voters believed that rich Americans should be paying more taxes, including 54 percent of Republicans (Belmonte 2019a). A proposal by New York Representative Alexandra Ocasio-Cortez of a 70 percent tax on those earning more than

USD 10 million a year received support from a majority of respondents in two polls.

Not to be outdone but mindful of the legal hurdles with an outright wealth tax, U.S. President Joe Biden proposed his own version of a billionaire's tax as part of his budget plan for 2022–23 (Coy 2022). Instead of a tax on the net wealth of the super-rich, Biden would tax only "the increase in their wealth," which would then be reclassified as income. The Biden proposal levies a "minimum tax of at least 20 percent on the income of households" with more than $100 million" and "would apply only to the top 1 percent of the top 1 percent of households, with more than half of its proceeds coming from billionaires."

Biden's 2022 plan was a retreat from a 2021 proposal he made concerning wealth taxes. That 2021 proposal would impose as much as 61 percent on inherited wealth, i.e., capital gains and the elimination of tax benefits on appreciated assets, the combination of which would have registered the highest U.S. tax rate in a century (Frank 2021; Collins 2021). For 2023–24, Biden went ahead and proposed a 25 percent tax on billionaires and "quadrupling a tax on stock buybacks," reversing Donald Trump's "tax cuts for high earners . . . raising the corporate income tax rate to 28 percent from 21 percent," and "increasing and expanding a tax on Americans earning more than USD 400,000" (Tankersley 2023). Observers, however, doubt whether such proposals will pass the Republican-controlled lower house of Congress and is seen more as "a political statement of values aimed at winning public opinion" (Tankersley 2023).

Still in the United States, a wealth tax bill at the California Legislature has been introduced by Assembly members Carillo, Kalra, Luz Rivas, and Stone on 16 February 2022 (Carillo et al. 2022). The proposed law would be "for taxable years beginning on or after January 1, 2023, and before January 1, 2025, impose an annual tax at a rate of 1.5% of a resident of this state's worldwide net worth in excess of USD 1,000,000,000, or in excess of USD 500,000,000 in the case of a married taxpayer filing separately." Additionally, "for taxable years beginning on or after January 1, 2025, impose an annual tax at a rate of 1% of a resident's worldwide net worth in excess of USD 50,000,000, or in excess of USD 25,000,000 in the case of a married taxpayer filing separately" and, "an additional tax at a rate of 0.5% of a resident's worldwide net worth in excess of USD 1,000,000,000, or in excess of USD 500,000,000 in the case of a married taxpayer filing separately."

In the United Kingdom, a Wealth Tax Commission composed of tax experts was established in 2020 to look into the possibilities of the UK adopting a wealth tax, a proposal that has not been made in fifty years (Kaplan 2021). The Commission deliberated on whether to suggest a one-off tax or an annual tax (Advani et al. 2020). The decision reached was for a one-off tax to be imposed on all individual wealth above £500,000 and charged at one percent a year for five years with a projected revenue of £260 billion. An annual wealth tax was not recommended, as the Commission rejected the view that wealth taxes should be aimed at "reducing inequality by redistributing wealth" (Advani et al. 2020). In its stead, the suggestion was for a reform of existing taxes on wealth, many of which were seen as having "structural flaws."

A scaled-down version of the wealth tax has been proposed by UN Secretary General Antonio Guterres when, in September 2022, he "urged rich countries to tax windfall profits[26] of fossil fuel companies and use that money to help countries harmed by the climate crisis and people who are struggling with rising food and energy prices" (Nichols 2022). Addressing the UN General Assembly, Guterres focused on the oil and gas corporations whose profits have soared "amid rising energy prices."

> The fossil fuel industry is feasting on hundreds of billions of dollars in subsidies and windfall profits while household budgets shrink and our planet burns. Polluters must pay. Those funds should be redirected in two ways: to countries suffering loss and damage caused by the climate crisis; and to people struggling with rising food and energy prices. (quoted in Nichols 2022)

At the regional level, the APMDD issued a press statement on 24 August 2022, entitled "Tax the Rich, not the Poor: A Call to Institute a Wealth Tax." The group pointed out that "as inequality and poverty grow in the Philippines, in Asia, and across the globe, so too does the call for a wealth tax." They noted that "groups based in the Philippines calling for a wealth tax are advocating for one of the most direct ways to stem inequality

26 "A windfall profit can be a sudden income or profit of abundant nature, which is quite sudden and/or not expected [and] can happen due to demand-supply problems where certain goods/services are in great demand. Windfall profits cannot be attributed to any particular entrepreneurship traits or business factors. Economists and analysts cannot determine if the profits are fair or otherwise. Therefore, in their opinion, **windfall profit tax** is a fair concept and must be levied to maintain fairness among citizens." See: Ashish Kumar Srivastav, "Windfall Profit," WallStreetMojo, https://www.wallstreetmojo.com/windfall-profit/

by reversing the highly regressive tax system that governments across Asia have long depended on to sustain basic public services." They stated that

> Regressive taxes, such as Value-Added Tax (VAT) and excise taxes, have long been known to hit those with smaller incomes harder, and have thus helped to widen the gap between poor and rich, women and men, marginalized sectors and influential elites. (APMDD 2022)

APMDD called the continuation of regressive "anti-people taxation" unacceptable, even as "Asian governments combined this . . . with austerity measures that have gutted public spending for public services [such as] health care, education and green infrastructure, and other basic public goods . . . crucial to sustain the lives and livelihood of billions" (APMDD 2022).

High levels of inequality impact gender, as women typically own fewer assets than men while being discriminated against by tax policies in the following manner: "(1) different forms of tax have different distributional and behavioral effects; (2) tax policy influences the economy in a way that can affect gender equality; and (3) tax provides revenue to support public services and social security, which women rely on more than men" (Palmer 2020).

In January 2023, a group calling itself "Patriotic Millionaires" called on the attendees of the Davos World Economic Forum to "tackle extreme wealth" and "tax the ultra-rich and do it now" (Iordache 2023). The group's 206 members from 12 countries proposed "a progressive annual wealth tax at 2% on individuals worth USD 5 million, 3% on those with a net USD 50 million, and 5% on those with more than USD 1 billion" to raise USD 1.7 trillion in 2022.[27] The group further pointed out that

> [e]xtreme wealth is eating our world alive. It is undermining our democracies, destabilizing our economies, and destroying our climate. But for all their talk about solving the world's problems, the attendees of Davos refuse to discuss the only thing that can make a real impact—taxing the rich. (Iordache 2023)

27 A separate but allied group is "Millionaires for Humanity." Members of both groups include Abigail Disney, heiress to the American entertainment empire, actor Mark Ruffalo, Ben & Jerry's cofounder Jerry Greenfield, Soros Fund Management Chief Investment Officer Dawn Fitzpatrick, former BlackRock executive Morris Pearl, and former venture capitalist Nick Hanauer.

The IMF and World Bank Weigh In!

In a surprise move, the IMF issued a policy paper titled “Tax Issues” in April 2020. In this paper, the IMF said that “governments should consider implementing wealth taxes to raise cash from the rich as coronavirus slams the global economy” (Zeballos-Roig 2020). The IMF policy paper added that “policymakers should review ramping up income, property, and wealth taxes, modeled as a solidarity surcharge.” This is a major shift and a “stark turnaround” in IMF policy and focus “for an institution that long pushed tax cuts as a central element of its policy menu for developing nations” and in terms of reducing inequality.

The IMF also recommended that governments slash payroll taxes for individuals and provide cash transfers “to help those hardest hit with job losses or other circumstances.” Earlier in January 2020, IMF Managing Director Kristalina Georgieva posted about the “inequality of opportunity. Inequality across generations. Inequality between women and men. And, of course, inequality of income and wealth. They are all present in our societies and—unfortunately—in many countries they are growing” (Roig 2020). Georgieva further called for “progressive taxation” as a “key component of effective fiscal policy” and that “marginal tax rates can be raised at the top of the income distribution without sacrificing economic growth” (Elliott 2021).

The IMF reiterated the wealth tax position in its April 2021 midyear monitor report, urging governments to “consider levying higher taxes on the income or wealth of the rich to help pay for the enormous cost of tackling the COVID-19 pandemic” (Elliott 2021). Paolo Mauro, Deputy Director of the IMF’s fiscal affairs department, lamented “the ‘erosion’ of the taxes paid by those at the top of the income scale,” and he pointed out the need for “domestic and international tax reforms . . . to target those individual and companies that had prospered during the pandemic.” Mauro then suggested an action that states could implement: “Governments could consider higher taxes on property, capital gains, and inheritance” (quoted in Elliott 2021).

The World Bank (WB), IMF’s sister organization, has also come out in support for a wealth tax. WB Senior Adviser, Jim Brumby, says that even as “most countries are extremely hesitant to introduce wealth taxes, [...] if ever there were a time that wealth taxes could help, it may be now” to “support fairness and deliver serious recurring revenue” (Brumby 2021). Brumby

(2021) argues that a wealth tax addresses five global disruptions: (1) "'out of hand' inequality" where the "very wealthy are getting far wealthier" and "100 million people were pushed into poverty by COVID-19 during 2020 alone"; (2) pandemic-causing debt levels that could rise by 20 percent of GDP in advanced countries and 10 percent in emerging and developing countries by the end of 2021; (3) a volatile stock market even for once dependable stocks; (4) difficulty for the rich to access tax havens given that 125 countries have already signed on to the international "Framework on Base Erosion and Profit Shifting (BEPS);"[28] and (5) a fraying social fabric caused by "polarization, radicalization," "outlandish views" on social media, and policy failures.

On 19 October 2021, the World Bank (WB) Group and the IMF jointly held a virtual conference, "Taxation of the Wealthy in Developing Countries," at the end of the joint annual meeting of the two institutions. The conference aimed to "discuss the challenges in better taxation of income and wealth, the experience of governments in developing countries and the practical experiences they face in designing, as well as implementing tax policies to reduce income and wealth inequality" (World Bank 2021).

Noting that the "top 1% share of global income has been between three to four times larger than the share of the bottom 50%," the conference saw "the persistence in income inequality over centuries until today is largely driven by inequality in distribution of wealth" (World Bank 2021). To address this, a "progressive tax policy is one of the prime tools for addressing such inequality." There were only three presentations—one each from the IMF, the WB, and the academe.[29] All three presentations endorsed progressive taxation as an antidote to inequality and wealth tax as an important component of such a policy.

The IMF, however, presently appears more committed to "temporary one-off taxes on wealth" but leaves the option open for countries to adopt a recurring annual tax (Klemm et al. 2021). Furthermore, for the one-time levy, the IMF recommends naming the effort simply as "COVID-19 Recovery Contribution," rather than explicitly calling it a tax, to "increase

28 The BEPS Framework is discussed in a later section of this paper.

29 Emmanuel Saez represented the academe, Alexander Klemm for the IMF, and Ana Cebreiro Gomez for the WB in the WB/IMF Tax Conference. It is intriguing that the more prominent Thomas Pikkety was not a presenter, although he and Saez work together.

the likelihood of acceptance." The WB, on the other hand, (or at least its senior adviser) seems more open immediately to an annual recurring wealth tax, given the "five global disruptions" it seeks to confront.

Global Wealth Tax Regimes

Though wealth tax is a relatively new proposal in the US, many nations had already adopted it decades before, as the succeeding cases show.[30] In December 2020, Argentina's Congress passed a 5.25 percent levy on those holding assets above 200 million pesos (ARS) (about USD 2.13 million), affecting 0.8 percent of the population. The tax is meant to be used "towards areas impacted by the pandemic, like housing, scholarships, public health, and relief for small businesses" (Kaplan 2021).

Argentina already had an existing wealth tax called *Impuesto sobre los Bienes Personales* (Personal Assets Tax). For assets held within Argentina, the levy ranged from 0.50 percent on assets above ARS 3 million (approximately USD 32,000) to 1.25 percent on assets above 18 million (about USD 193,000). For assets held outside of Argentina, the tax was from 0.70 percent on assets above three million pesos to 2.25 percent on assets above ARS 18 million.

In December 2020, the newly installed left-wing Bolivian President Luis Arce enacted the "Orbitax." The said measure imposes an annual wealth tax of between 1.4–2.4 percent on the worldwide assets of resident and nonresident individuals with greater than 30 million bolivianos (BOB) or about USD 4.3 million (Telesur 2020). Calculated to cover at least 150 people and expected to generate BOB 100 million (USD 14.4 million), the "Orbitax" would not apply to corporations and cooperatives. Originally intended to cover COVID-19–related costs, the Bolivian wealth tax will now be collected annually. Early payments will be granted a 15 percent discount but failure to pay will incur a fine of 200 percent of the tax assessed.

Colombia has gone through two phases of wealth tax legislation in the three-year period between 2019 and 2022. On 1 January 2019, the Colombian Senate passed a tax reform bill that includes a new wealth, i.e., equity, tax for 2019, 2020, and 2021. This tax is "set at 1%

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30 Unless otherwise cited, the case studies of existing wealth tax regimes are compiled mainly from: Wikipedia contributors, "Wealth tax," Wikipedia, The Free Encyclopedia, https://en.wikipedia.org/wiki/Wealth_tax

for Colombian-resident individuals' worldwide net worth, and 1% for nonresident individuals on Colombian properties only, such as real estate, yachts, artwork, vessels, ships, dividends, properties and other assets with a net equity of at least 5 billion COP (USD 1.5 million)." At the same time, however, exemptions were granted for "shares in Colombian firms, accounts receivable from Colombian debtors, some portfolio assets, and financial lease agreements" even as taxes on wages also rose and corporate taxes were lowered. The measure was aimed at collecting about 25 trillion Colombian pesos (COP) (USD 6.9 billion) a year, equivalent to 2.2 percent of GDP.

After assuming the Colombian Presidency, leftist Gustavo Petro managed to get Congress to pass a new wealth tax law in November 2022 that targets rich individuals with a net worth of at least USD 600,000—a number less than one percent of the population (Ocampo 2022). There will be three marginal tax rates collected annually, starting at 0.5 percent on wealth over USD 600,000, followed by a 1 percent tax on wealth over USD 1 million, and thirdly, a 1.5 percent levy on wealth over USD 2 million (Ocampo 2022). This measure is seen as an antidote against extreme inequalities in Colombia, where the top 1 percent has 37.3 percent of total wealth, the top ten percent has three-quarters, and the bottom half has a mere 1.6 percent.

Starting 1 April 2022, Singapore's budget included the collection of higher taxes aimed at its wealthiest 1 percent of residents, with the top marginal personal income tax levels to peak at 24 percent for incomes over SGD 1 million (USD 744,000) and additional levies adjusted on some properties and vehicles (Low 2022). This came on the heels of an expected deficit in public spending, after the government committed to spending USD 100 billion in COVID-related responses. Later in May 2022, Singapore imposed additional property taxes of 35 percent, "targeting the super wealthy who are purchasing homes under opaque structures to avoid such levies" (Mokhtar 2022). These taxes aim "to close a loophole used by people who have been purchasing multiple homes under trusts where it isn't clear who the beneficial owner is, thus avoiding additional taxes."

Until 2017, France had what it called a "solidarity tax" on wealth on any net assets above EUR 800,000 for residents with a net worth of at least EUR 1.3 million. The levies ranged from 0.5 percent to 1.5 percent. In 2007, about EUR 4.1 billion was raised, or 1.4 percent of total revenue. From 2018 onward, the "solidarity tax" has been replaced by a wealth tax centered on real estate, except for all financial assets.

Spain has had an on-again–off-again wealth tax history. Introduced as a temporary tax in 1977, the wealth tax was in force until 2008. However, it was restored in 2011 and has been extended repeatedly. Payable by both residents and nonresidents, the *Patrimonio* (estate) tax is progressive, with levies ranging from 0.2 percent of net assets above the threshold of EUR 700,000 and a cap of 3.5 percent for estates in excess of EUR 10.7 million. There are, however, numerous deductions according to residency and civil status, including a EUR 300,000 primary resident allowance, the exact amount of which varies across regions, with some areas passing their own wealth tax laws.

The Netherlands has a tax called *vermogensrendementheffing* (wealth yield tax), with the actual yield (negative or positive) not considered in the calculation, thus making it effectively a wealth tax. Until 2016, the rate was fixed at 1.2 percent. However, from 2017 onwards, the tax rate was made progressive as the individual wealth increases. In addition to the wealth yield tax, property owners pay a local tax called *onroerendezaakbelasting* (property tax), which is based on the estimated value of the real estate they own and collected where it is located.

Norway has a wealth tax of 0.85 percent of a person's total worldwide value above 1.5 million kroner (about USD 172,000). The proceeds are allocated at two levels, with the national government getting 18 percent and the municipality where the taxpayer lives cornering 82 percent (Nikel 2020). As part of the wealth tax, primary residences are taxed at 25 percent of the market value, whereas a second residence is levied up to 90 percent of the market value, "while working capital such as commercial real estate, stocks, and stock funds are valued at various percentages."

Switzerland's wealth tax regime has been in existence since 1789 and has maintained its progressive nature, despite several attempts to reverse or abolish it (Eckert and Aebi 2020). The amount of the tax depends on where one resides because the cantons or municipalities decide on the tax rates and may increase or decrease specific levy types. Most Swiss cantons levy no wealth tax if one's net worth is less than 100,000 Swiss francs (USD 100,000). However, above that value, tax rates range from a low of 0.13 percent to a top rate of 0.94 percent, depending on the municipality or canton of residence. Swiss residents pay a wealth tax on their worldwide assets of financial investments and properties. However, nonresidents with assets in Switzerland are exempted from the levy.

Italy does not have a general wealth tax but has two levies introduced in 1992 that approximate one. These are: (1) a wealth tax of 0.76% on real estate located abroad, and (2) a 0.20% wealth tax on foreign financial investments both of which "are levied in relation to foreign assets held by resident Italian individuals" (Paoletto et al. 2020). The asset values "are determined by purchase price or current market value." There also quasi-wealth taxes imposed on Italian assets, such as *Imposta Municipale Unica* (IMU), a real estate tax levied at the municipal level on individual and entities, and a stamp duty known as *Imposta di Bollo*.

TABLE 5 ►Wealth Tax Regimes in Various Countries.

Country	Year	Wealth Tax Rates
1. Argentina	Pre-2020 and 7 December 2020	Within 0.5%–1.5% Outside 0.7%–2.25% (USD 32,000 to USD 193,000); Current – 5.25% (USD 2.13M)
2. Bolivia	2020 onwards	"Orbitax"; 1.4%–2.4% on individual wealth above USD 4.3 million and collected annually
3. Singapore	1 April 2022	24% for incomes over USD 744,000 including properties and vehicles; additional property tax on the super wealthy
4. Colombia 1 Colombia 2	January 2019 November 2022	- 1% on worldwide net worth - 0.5% at USD 600T and 1.5% for over USD 2 million
5. France	Until 2017; revised 2018	Solidarity tax 0.5%–1.5%, starting EUR 1.3M; 2018—only on properties
6. Spain	1977–2008; 2011	0.2%-3.5%, EUR 700,000 to €10.7M
7. Netherlands	2016 and 2017	Initially 1.2%; 2017 progressive as wealth increases
8. Norway	Since 1892	0.85% on global wealth above USD 172,000
9. Switzerland	Since 1879	Based on residence in cantons; 0.13%–0.94% USD 100,000
10. Italy	1992	On property abroad (0.76%) and foreign financial investments (0.20%)
11. India	1950–57	Only on unproductive and idle assets
12. Belgium	7 February 2018	Financial instruments EUR 500,000 (0.15%)
13. Germany	Since early Middle Ages, 1893, 1919, 1922, 1949	Properties (immovable and movable), trade and commerce. Currently up to 3%

Sources: Wikipedia contributors n.d.; Low 2022; Mochtar 2022; Kaplan 2021; Paoletto et al. 2020; Vanvari and Krishnan 2020; Quashebebur et al. n.d.; Rehr 2020; Ocampo 2022

During the socialist-oriented Indian government of Jawaharlal Nehru in the 1950s, a Wealth Tax Act was introduced in 1957. However, it was abolished in 2015 by a conservative government "due to several procedural

difficulties such as extensive litigation, increased compliance burdens, heavy administrative costs and generation of inadequate resources" (Vanvari and Krishnan 2020). However, various amendments over the years also resulted in the watering down of the scope of the Indian wealth tax, such as limiting its application only to unproductive and idle assets. The wealth tax "was replaced by an additional surcharge of 2% on the super-rich with a taxable income of over 1 crore annually." Between 2003 and 2015, the wealth tax generated a total of 64.16 billion rupees, or an average of 5.35 billion rupees per year.

In Belgium, the Act of 7 February 2018 serves as a wealth tax. The said act calls for the collection of a 0.15 percent annual tax on financial instruments that are kept in securities accounts and has an amount of more than EUR 500,000 (Quaghebeur et al. n.d.). Financial instruments refer to "stocks, bonds, shares in investment companies, cash bonds and warrants" held by individuals" and "[apply] to Belgian and overseas accounts held by Belgian residents as well as Belgian securities accounts held by non-resident account holders" (Quaghebeur et al. n.d.). This is to be reported and paid by 20 December of every year.

Germany had various forms of wealth tax since the early Middle Ages, starting with simple levies on "immovable properties" and later, up until the 19th century, and with trade and commerce growing, on "movable property" as well (Rehr 2020). The first modern wealth tax was set in 1893, with amendments in 1919 of a one-off levy with rates ranging from 10 to 65 percent. In 1922, an annual wealth tax was constituted with rates from 0.1 to 1 percent. In 1925, they were lowered to 0.5–0.75 percent. A uniform rate of 0.5 percent was in force in 1934. In 1946, Allied-controlled Germany imposed a 1–2.5 percent levy in 1946. Then in West Germany, this wealth tax increased further to 3 percent in 1949.

Further amendments ensued over the years, finally settling at one percent in 1995 (Rehr 2020). Meanwhile, East Germany also had a wealth tax of 0.5–5 percent except for state-owned companies. Germany's wealth tax regime ended in December 1996 with a ruling from the Federal Constitutional Court that the levy was unconstitutional. Lately, the political parties belonging to Social Democrats (SPD), Socialists (Die Linke), and Greens have called for the reintroduction of the wealth tax and have been making it a recurring election issue.

Refuting Objections to a Wealth Tax[31]

Amid the debates surrounding the issue of a wealth tax, opponents have outlined their objections, and the more prominent of these are:

(1.) It will be harmful to the economy and hamper growth;

(2.) It will impede recovery from the pandemic;

(3.) The rich will engage in "capital flight;"

(4.) It will drive away investors;

(5.) It provides incentives for tax evasion;

(6.) It is a form of double taxation; and

(7.) The returns have been insignificant.

The Management Association of the Philippines, through its then-president Alfredo Pascual, said that "wealth taxes could be scary" and that "instead of gains, wealth tax may result in capital flight, reduced investments and therefore cut funds for economic growth and creation" (quoted in ABS-CBN News 2022). This view was echoed by Makati Business Club Chair Edgar Chua, who argued that "what we need to do is to increase the size of the pie . . . focus on attracting investments to generate more jobs or possible increases in value-added tax" (quoted in ABS-CBN News 2022).

Although promising to study wealth tax proposals, former Philippine Finance Secretary Carlos Dominguez III immediately prejudged them, saying that "it's not a good idea" as it "will only result in capital flight" out of the country and "tax avoidance" (Leyco 2021). Dominguez proposed instead the improvement of the real property tax (RPT) through "proper land valuation," claiming that RPT is already a form of wealth tax (Daily Tribune 2022).

Paul Krugman (2021) considers the argument that "raising taxes on corporations and high incomes will cripple the economy" to be an "unserious critique." He claims that "assertions that prosperity depends on keeping taxes at the top low have been refuted by experience time and time again—most recently in the failure of the Trump tax cuts to deliver the

31 This section, "Refuting objections to a wealth tax," was previously published in abridged forms in Tadem 2022a and Tadem 2022e.

promised immense investment boom." Krugman (2021) says that "the only reason the obsession with low taxes for the rich retains any influence is that keeping this zombie shambling around serves the interests of corporations and the wealthy."

On the DOF's opposition to a wealth tax, IBON Foundation says this is understandable as the DOF's bosses are

> heirs to a long tradition started by the World Bank and IMF in the 1980s to make tax systems more regressive with higher indirect consumption taxes (especially VAT) and lower direct taxes on income and wealth. The bias for consumption taxes is because these are easier to collect, and the bias against income and wealth taxes is because rich and powerful elites oppose these. (2021, 11)

Interviews with economist Jose Enrique Africa (2022) and lawyer Antonio Salvador (2022) surface more pointed rebuttals against wealth tax objectors.[32] Both agree that a wealth tax cannot be harmful to the economy and hamper growth since revenues from the new tax on the super-rich will support responses to the COVID-19 pandemic and accelerate social protection in general.

Wealth taxes will lead to economic growth through direct subsidies like food, health, transportation, and other services to the poor as well as to micro, small, and medium enterprises (MSMEs). Salvador (2022) argues that since "the rich got richer during the pandemic, it will be strange if they do not profit as well when the economy turns around for the better." Africa (2022), on the other hand, says that "experiences have shown that low taxes for the rich have not contributed to investments or economic growth."

Hansson (2002, 8) thinks that "a wealth tax may be less harmful to economic growth than popularly thought . . . because it leads to a substitution from physical to human capital formation." She admits that "[c]ertain attributes of the wealth tax may theoretically slow growth while others may encourage growth, and it is unclear in which direction the net effect will be" (p. 16). In studying the relationship between wealth tax and economic growth for 20 OECD member countries over 20 years, Hansson "found robust support for the contention that taxes on wealth dampen economic growth," but added that "the estimated magnitude is . . . somewhat less

32 Africa is the Director of IBON Foundation while Salvador is with the Third World Network.

alarming than popular account (between 0.02 and 0.04 percentage points for a one percentage point increase in the wealth tax rate)" (pp. 17–18).

Regarding the "capital flight" argument, Africa (2022) points out that "restricting the wealth tax to just billionaires already greatly minimizes capital flight." In the Philippines, this reduces the number of those to be taxed from several million individuals and entities to just around 3,000 billionaires. He doubts whether the latter will move their taxable assets abroad "because the foundations of their wealth, social circles, and economic and political networks (so essential to their amassing wealth) are all in the Philippines" (Africa 2022). A further self-limiting factor is that their "wealth is equity tied up in their corporations and control over their corporations." Besides, a government serious about a wealth tax "can impose an exit tax on the net wealth of Filipinos who renounce their citizenship."

Physical assets, such as real property, yachts, paintings, luxury cars, etc., will not be moved as the billionaires would want to enjoy them in the country. Africa (2022) also suggests a shame campaign by "publicizing tax evasion and avoidance efforts," thus refuting "corporate social responsibility" claims.

For the billionaires' financial assets parked in tax havens abroad, Africa (2022) proposes that governments be "more aggressive in collaborating at the international level on global assets registries and databases of beneficial ownership so that even financial wealth abroad can be caught by the wealth tax."

Africa (2022) challenges the government to face the "capital flight issue" rather than "surrender to it without even trying." He concludes that "despite best efforts, [and] there's still some kind of capital flight taking place, the issues shouldn't be seen one-sidedly, i.e., highlight the bigger picture instead through the offsetting social, economic and political benefits."

Billionaires will be taxed on their worldwide net worth, regardless of their location. Salvador (2022) says that governments should establish legal and regulatory frameworks ensuring efficient and effective tax collection. The Philippines can use its existing bilateral tax treaties where information exchanges can take place, thus enabling the state "to go after even those hidden in tax havens" (p. 5).

Chowdhury and Sundaram (2022) doubt whether investors will stay away if wealth tax is imposed. They argue that although tax incentives "may influence investment decisions, [they] are far from being the most important factor. Other factors—such as political stability, legal and regulatory environments, skills and infrastructure quality—are more significant." For the Philippines, Salvador (2022) notes that foreign investments will continue, as current wealth tax proposals exclude investments from abroad by non-Filipinos and foreign corporations.

Opposers claim that wealth tax will only incentivize tax evasion, but Salvador (2022) notes that assets parked abroad are still included in the computation of a billionaire's net worth. A diligent search will enable governments to account for all the assets of rich individuals and "will provide a disincentive for transferring assets to heirs and dummies."

Increases in wealth due to assets increasing in value, e.g., land and stock shares, will not result in income tax leakage, Salvador avers. But real increases such as "inexplicable increase in cash . . . could raise a red flag as regards non-payment of income tax." One remedy is for government to repeal the bank secrecy law (Republic Act No. 1405 of 1955), "thus facilitating the collection of income tax as well" (Salvador 2022).

Salvador (2022) disagrees with the view that a wealth tax is a double taxation because it is the net wealth being taxed—"not income that is already taxed, without prejudice to paying for taxes that have not yet been paid." Besides, the rich managed to increase their wealth during the pandemic and had been "in fact subsidized by the low wages of workers."

Barkai's (2020, 2459) research validates Salvador's (2022) last point. His study uncovered a growing gap between increases in labor productivity and stagnating workers' compensation in the United States. This led to the accumulation of unearned profits that are not plowed back into the economy through new investments. This process of increasing divergence between labor and capital shares has been going on for several decades.

Currently, there are nine international mechanisms to counter tax evasion and capital flight. The first mechanism, the "exchange of tax information agreements" under the 2014 Multi-Lateral Competent Authority Agreement (MCAA), "designate[s] which institution in each country is responsible for transferring tax data to other member states" (Wolf and Reif 2014). This enables "the exchange of information on new accounts and pre-existing individual high-value accounts."

As of 2014, a total of 65 countries and jurisdictions has "agreed on implementing this global standard for the automatic exchange of information between tax authorities," thus allowing the flow of banking information between these countries and jurisdictions (Wolf and Reif 2014). Under voluntary disclosure programs in 2013 and 2014, Wolf and Reif (2014) report that "more than USD 37 billion in income and wealth hidden from tax authorities have been declared." These declarations of wealth diminished "the world of tax havens and stashing money away in secret bank accounts."

The second mechanism is the development of a "Framework on Domestic Tax Base Erosion and Profit Shifting (BEPS)," a practice discussed earlier in this paper. The Framework consists of global intercountry institutional agreements and mechanisms to counteract "tax strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax" (OECD n.d.-a).

Developing countries are most vulnerable as "they suffer from BEPS disproportionately." OECD (n.d.-a) notes that "BEPS practices cost countries USD 100–240 billion in lost revenue annually." An "Inclusive Framework on BEPS" has been outlined, with 141 countries and jurisdictions signing on and "collaborating on the implementation of 15 measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment."

However, in an interview, Montes (2022) said that the BEPS framework needs drastic improvements as it excludes financial and mining companies. It should also cover domestic firms on top of transnational corporations to make it more effective in implementing progressive taxation.

The third mechanism is an agreement among the Group of Seven (G7) countries[33] in June 2021 on tax rates and profits. The G7 encouraged countries to (a) impose "a minimum corporate tax rate of 15 percent" and (b) "[share] the excess profits of the 100 largest companies with the countries where they operate" (Aiyar 2021). The aim is to prevent giant corporations from moving their profits to tax havens by setting up "shell companies."

Oxfam (2021), however, sees the 15 percent minimum tax as "far too low," saying "it's absurd for the G7 to claim it is 'overhauling' a broken

33 The G7 is composed of Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and the European Union (a "nonenumerated member").

global tax system" when their recommended minimum rate is just "similar to the soft rates charged by tax havens like Ireland, Switzerland, and Singapore."

The fourth international mechanism is the OECD's Common Reporting Standard (CRS), which was requested by the G20 countries[34] and approved by the OECD Council on 15 July 2014 (OECD 2014). The CRS "calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis." Its governing rules require the reporting of the "financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions" (OECD 2014).

Fifth, in line with the CRS mechanism, the OECD created the Automatic Exchange of Information (AEOI) portal, which "provides a comprehensive overview of the work the OECD and the Global Forum on Transparency and Exchange of Information for Tax Purposes in the area of the automatic exchange of information" (OECD 2014). The AEOI recognizes the need for "tax administrations to work together to ensure that taxpayers pay the right amount of tax to the right jurisdiction" and "equipping them with the necessary legal, administrative and IT tools for verifying compliance of their taxpayers." To monitor AEOI's effectiveness, the OECD (2014) set up the Global Forum on Transparency and Exchange of Information for Tax Purposes, "a platform for international cooperation on tax transparency and information exchange."

The sixth mechanism is a relatively recent OECD initiative and takes off from the CRS. Approved by the OECD in August 2022, the Crypto-Asset Reporting Framework (CARF) is in response to the rapidly-growing crypto-asset market and "the rapid adoption of the use of crypto-assets for a wide range of investment and financial uses" and automatically provides the standardized reporting and exchange of relevant tax information on crypto transactions (OECD 2022). The worry is that

34 The G20 is composed of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Türkiye, the United Kingdom, the United States, and the European Union.

> [u]nlike traditional financial products, crypto-assets can be transferred and held without the intervention of traditional financial intermediaries, such as banks, and without any central administrator having full visibility on either the transactions carried out or on crypto-asset holdings. The crypto market has also given rise to new intermediaries and service providers, such as crypto-asset exchanges and wallet providers, many of which currently remain unregulated. (OECD 2022)

Though promulgated by a single government, the United States Foreign Account Tax Compliance Act (FATCA) of March 2010 has the effect of a seventh international agreement. Enacted by the U.S. Congress "to target non-compliance by U.S. taxpayers using foreign accounts, [it] requires foreign financial institutions (FFIs) to report to the U.S. Internal Revenue Service (IRS) information about financial accounts held by US taxpayers, or by foreign entities in which US taxpayers hold a substantial ownership interest" (U.S. Department of Treasury, n.d.). To implement this law, "FFIs are encouraged to either directly register with the IRS to comply with the FATCA regulations (and FFI agreement, if applicable) or comply with the FATCA Intergovernmental Agreements (IGA) treated as in effect in their jurisdictions."[35]

As of March 2023, FATCA has been "in force" in 102 countries as result of intergovernmental agreements (IGA) and in 11 others signed and awaiting concurrence. The latter includes the Philippines, where then-President Duterte ratified the FATCA agreement on 1 December 2016 and transmitted it to the Senate five days later for concurrence.

Eight, not quite international in scope is the 2016 European Union Anti-Tax Avoidance Package (ATAP). The package offers measures that target tax avoidance by multinational companies operating in the European Union following the BEPS framework, proposes confidential country-by-country exchanges, deals with tax treaty issues, strategizes on tax havens, and prevents "hybrid mismatches." Oxfam (2016), however, is critical of ATAP—scoring its "lowered ambitions," choice of "lowest common denominator approach," proposes an extremely low corporate tax rate amounting to four percent, and makes nonbinding the listing and targeting of tax havens.

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35 FATCA thresholds:

Single taxpayers living abroad: USD 200,000 to USD 300,000.
Married taxpayers living abroad: USD 400,000 to USD 600,000.
Single taxpayers living in the US: USD 50,000 to USD 75,000.
Married taxpayers living in the US: USD 100,000 to USD 150,000.

Ninth, the UN Committee of Experts on International Cooperation in Tax Matters, also known as the UN Tax Committee, does not specifically target tax avoidance and evasion practices but has the potential of uncovering tax fraud issues. It reports to the UN Economic and Social Council (ECOSOC), with the mandate to

> (i) review and update as necessary the United Nations Model Double Taxation Convention between Developed and Developing Countries and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries; (ii) provide a framework for dialogue with a view to enhancing and promoting international tax cooperation among national tax authorities; (iii) consider how new and emerging issues could affect international cooperation in tax matters; (iv) make recommendations on capacity-building and the provision of technical assistance to developing countries and countries with economies in transition; and (v) give special attention to developing countries and countries with economies in transition in dealing with all the above issues. (UN ECOSOC n.d.)

Bilateral agreements also exist, as in the U.S.–Swiss Program for Non-Prosecution Agreements or Non-Target Letters of Swiss Banks, known for short as the Swiss Bank Program. It was established in 2013 by the U.S. Department of Justice. This program requires Swiss banks to disclose their cross-border activities with U.S. clients and pay penalties, in lieu of prosecution, based on the assets they managed for their U.S. clients.

There have been some successful cases where super-rich individuals and corporations have been penalized under the above agreements.[36] The BEPS G7 Agreement was used by the European Commission in 2018 in ruling that Ireland had granted state aid to Apple and "ordered the tech giant to pay EUR 13 billion in back taxes . . . on the BEPS principle that profits should be taxed where economic activities take place." In 2015, the European Commission ruled that Starbucks owed the Netherlands government EUR 25 million in back taxes as a result of tax agreements that violated BEPS principles.

Data from the MCAA and the CRS were used by the German government in 2019 and by the French government in 2018 to uncover tax evasion practices and prosecute individuals and corporations in several

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36 See earlier section on "Cases of tax evasion and avoidance." Information generated by AI ChatGPT, 28 March 2023.

countries. The US FATCA uncovered offshore tax evasion by U.S. citizens. As a result, Credit Suisse paid penalties of USD 2.5 billion in 2014 and USD 536 million in 2017 to the US Department of Justice. The bank also pleaded guilty to conspiracy and related charges for aiding US citizens to avoid taxes by hiding their assets in offshore banks. The same automatic exchange mechanism resulted in another Swiss bank, Rahn+Rohner, paying USD 22 million for conspiring for eight years (2002–2012) with its U.S. accountholders to defraud the United States by filing false federal tax returns and commit tax evasion (Knobel 2021).

The European Union's ATAP had the European Commission rule in 2017 that Luxembourg granted illegal state assistance to Amazon corporation and ordered the American retail giant to pay EUR 250 million in back taxes based on the now-common principle that profits should be taxed where the company's operations take place.

The Swiss Bank Program resulted in three Swiss banks being ordered to pay USD 130 million in penalties to avoid prosecution for helping its American clients evade taxes (Barlyn 2015). These were the Zurich-based branch of Crédit Agricole (USD 99.2 million), Dreyfus Sons (USD 24.2 million), and Baumann & Cie (USD 7.7 million). The said banks had set up overseas accounts, e.g., in Panama, "to hold client funds and conceal the true owners' identities from US tax authorities."

These sample cases show that it is possible to make use of existing international agreements to uncover and prosecute some big-time tax evaders—individuals and corporations alike—wherever their assets may be hidden or disguised. All these penalties, however, seem a "drop in the bucket," given that Tax Justice Network (2020) estimates that despite the various international tax-related agreements, "countries are losing USD 427 billion in tax each year to international corporate tax abuse and private tax evasion." Although OECD has taken a high-profile stance on tax evasion through its brokered agreements, its efforts seem to have had no significant and long-lasting impact on the problem given that its own member countries continue to flaunt tax rules and regulations and account for almost half of all global tax leaks (Tax Justice Network 2020).

The reason, of course, is that these agreements are still fraught with shortcomings and loopholes. Apart from what has been stated above for specific agreements, Knobel (2021) enumerates other inadequacies. One, some agreements only cover companies or legal persons, but leave

out “more sophisticated legal vehicles like trusts and foundations which “can equally be abused for illicit financial flows” (Knobel 2021). Two, they only cover financial accounts and excludes “other hard assets such as precious metals, jewelry, and artwork . . . open warehouses, freeports and real estate.” Three, many lower-income countries are likely to be excluded from these agreements “when the rules are set by the richest countries in the OECD,” thus providing alternative venues for the transfer of assets from agreement-bound countries. Fourth, abuse of the attorney–client privilege. Fifth, abuse of the “golden visas” where “individuals acquire residency or citizenship in a country (usually a tax haven) in exchange for a large sum of money.” Sixth, individual and corporate offenders suffer no jail time as the cases are settled by the expediency of paying fines, no matter how large they may be.

In an open letter to the Group of Twenty (G20) leaders, the Independent Commission for the Reform of International Corporate Taxation (ICRICT), urged the creation of a global asset registry (GAR) “to link all types of assets, companies, and other legal structures not to the legal owner, . . . but to the beneficial owner, the person who really owns them” (ICRICT 2022).[37] The GAR is “a network interconnecting all national asset registries of all the different forms of wealth that an individual can own . . . while encouraging all countries that have not yet created comprehensive asset registries to do so.”

As for the alleged “insignificant returns” from a wealth tax, this may have been the case with some earlier instances. The recent Argentinian initiative, however, shows that returns can be substantial and exceed expectations. Five months after imposing a 5.25 percent one-off tax on the country’s wealthiest in December 2020, and with worldwide critics saying it “wasn’t feasible,” Argentina gained USD 2.4 billion, with 10,000 targeted individuals paying an amount equivalent to 0.5 percent of the country’s GDP (Kaplan 2021).

The same was true for the Bolivian wealth tax promulgated in December 2020. President Luis Arce announced that days before the March 2021 deadline, the wealth tax “collection exceeded 224.1

37 ICRICT commissioners include Joseph Stiglitz, Jayati Ghosh, Thomas Piketty, Gabriel Zucman, and Kim Jacinto Henares, among others. See complete list: The Independent Commission for the Reform of International Corporate Taxation, “The Commission,” https://www.icrict.com/the-commission

million bolivianos (more than USD 32 million) from 203 millionaires—residents in Bolivia or abroad," or twice as much as originally estimated (Mercopress 2021).

Wealth tax revenues, in some cases, have been "insignificant" mainly because of the exemptions accorded to the rich. In Spain, exemptions included primary residences and individual shares in companies of at least 15 percent (for a family, 20 percent) and active involvement in management which, for the richest 0.01 percent, freed from the wealth tax as much as 77 percent of shares (Pineda et al. 2021). In Switzerland, "tax rate reductions in one canton attracted investments from taxpayers from other cantons" while in Spain, the capital and business center of Madrid was excluded from coverage of a decentralized wealth tax (Pineda et al. 2021). In the case of France, exemptions protected business assets and "in practice, nearly large stakes in listed and unlisted companies." In Italy, stocks and second homes were exempt, thus "draining much of the content from the progressive tax on capital" (Piketty 2020, 528).

The exemptions of business assets rendered the wealth tax a form of regressive taxation since the largest fortunes consist mainly of financial assets and especially stocks (Piketty 2014, 528). Despite these exemptions, "total receipts from (France's wealth tax) quadrupled between 1990 and 2018, while nominal GDP only doubled." This case shows that the arguments of capital flight "was a myth and confirms that it is possible to reintroduce a modernized wealth tax without delay" (Piketty 2021, 803–4).

The required caveats, conditionalities, safety valves, and a well-constructed design can be built into a meaningful wealth tax law and its implementing rules and regulations. Ultimately, however, an organized, socially conscious, and vigilant population will spell the difference between the success or failure of a wealth tax policy. The role of civil society organizations, sectoral groups, community organizations, social movements, academics, and civic and religious groups will be important and crucial.

Philippine Wealth Tax Proposals

In the recent 2022 Philippine elections, wealth tax became an election campaign issue for the very first time. This was thanks to the socialist candidacies of labor leader Leody de Guzman and left-wing scholar Walden Bello, whose Laban ng Masa ("People's Fight") electoral

platform included a provision to address inequality by way of "a wealth tax on the net worth of individuals of above PHP 100 million thus collecting from the richest 250–500 Filipinos alone (who have a combined net worth of PHP 31.66 trillion) the estimated amounts of PHP 316 billion (at 1% rate), PHP 633 billion (at 2%), and one trillion pesos at 3%" (Laban ng Masa 2021).

In addition, de Guzman and Bello called for the "repeal of all regressive and consumption-based tax laws and [to] put in place a more progressive tax system." On top of the recurring annual wealth tax, de Guzman also called for an immediate one-off 20 percent levy on the country's 500 richest families to support a one trillion peso social and economic fund. The PHP 1 trillion recovery plan would support a PHP 475 billion public jobs generation program, a PHP 400-billion health stimulus and PHP 125-billion stimulus for micro, small and medium enterprises (MSMEs). De Guzman further announced, "I propose a state-driven economic recovery plan that regards the welfare of labor and the Filipino people as the foundation of the economy. Focus on the welfare, health, and rights of ordinary people, not the profit margins of the billionaires. People before profit" (quoted in ABS-CBN News 2021).[38]

In an 18 April 2022 press conference, Laban ng Masa presented the key features of its wealth tax proposal as a response to "all sorts of excuses and reasons" by "the class of capital owners" threatened by a reduction in their wealth "even if those proposals will still allow them to [continue] to live ridiculously luxurious lives" (Laban ng Masa 2022). As drawn up and presented by economist James Matthew Miraflor, the following are summaries of the key features of the Laban ng Masa proposed wealth tax:[39]

- **To ensure that the emergency wealth tax (20 percent) on the top 500 families follows the tax uniformity principle and equal protection**, the emergency wealth tax will be levied when a family or individual reaches a certain wealth threshold, not when it reaches a certain rank (the total yield will nonetheless be the same).

38 ICRICT commissioners include Joseph Stiglitz, Jayati Ghosh, Thomas Piketty, Gabriel Zucman, and Kim Jacinto Henares, among others. See complete list: The Independent Commission for the Reform of International Corporate Taxation, "The Commission," https://www.icrict.com/the-commission

39 Among the ten Presidential candidates in the 2022 election campaign, it was only the team of de Guzman and Bello that proposed a wealth tax.

- **To allay concerns that the wealth tax will finance consumption to the detriment of productive activities**, the annual financial wealth tax (zero to five percent) will be directed to finance the annual cost of an "employment guarantee" program. This will effectively redistribute the burden of full employment to all capital owners and ensure the allocation of labor to long-neglected, high-externality tasks.
- **To strengthen already existing wealth taxes**, there will be a push for better collection of real property taxes (RPT), which necessitates a shift from flat to progressive rate, strict enforcement of fair market values (FMV), property classification updating, and new land value capture (LVC) levies.

On effectively securing collections:

- **To correctly assess the net worth of rich individuals,** we propose to require the filing of statements of assets, liabilities, and net worth (SALNs) of individuals whose incomes reach a particular threshold, as reflected in their income tax returns (ITR). We also propose using the 12-month average net worth instead of the latest financial net worth as a basis for wealth tax and require full transparency from the stock and securities systems and domestic banking and thus the amendment of the Bank Secrecy Law.
- **To address capital flight**, an exit tax of 50 percent is proposed to be levied on capital leaving to offshore havens, aided by the regulation of financial outflows including strategic currency devaluation if necessary. Moreover, we recommend that ASEAN neighbors implement a "wealth tax union" as the first step towards a "global wealth tax" and require automatic sharing of financial information as a conditionality for present and future economic agreements.
- **To prevent the systematic transfer of wealth to several individuals to artificially lower the applicable wealth tax rate or other tactics on estate planning**, we propose to harmonize rates for gift and estate taxes proportional to that of exit taxes.

On a sovereign wealth fund (SWF):[40]

- To address concerns of liquidity since wealth may be tied to firms and production, we propose allowing individuals to pay not in cash but in equity or other forms of securities, which will be transferred to a SWF. This shall be done provided that the security's market price satisfy some criteria on volatility and mean.
- To mitigate the possible short-term loss of investment (capital dry-up), we propose to mobilize existing capital in the form of gross international reserves (GIR) controlled by the BSP, investing it in the SWF as endowment which will use it to finance domestic investment while waiting for the local capital markets to restructure.
- To neutralize actions to pass on the wealth tax to citizens as consumer price hikes, increase the general productivity of the economy using strategic investments from the SWF, targeting sectors producing goods and services demanded by working-class households, especially food, housing, transportation, and so on.

The Freedom from Debt Coalition (FDC) had its own wealth tax proposals announced in April 2021 (Rivas 2021). It starts at a tax rate of 2 percent for individual billionaires with a net worth of PHP 100 million to PHP 300 million; 3 percent for those with PHP 1 billion to PHP 1.3 billion; and 3.75 percent for the super rich with at least PHP 2.5 billion. FDC projects revenues of at least PHP 112 billion from the 50 richest Filipinos alone, based on a staggered payment of 50 percent before 31 May; 25 percent before 31 August, and the remaining 25 percent on 30 November of each year.

IBON Foundation (2021) places its wealth tax proposals in the context of the "climate crisis and the long-standing crisis of underdevelopment," the urgent need for revenues amid the pandemic, the regressive Philippine tax system, the need for "rethinking of the country's

40 The sovereign wealth fund proposed by Laban ng Masa is not to be confused with the Maharlika Investment Fund being promoted by the Marcos Jr. government in 2022. The Maharlika Investment Fund plans to make use of existing government resources like public banks and national government funds for bankrolling the usual economic projects to benefit rent-seeking big corporations and cronies.

accustomed sources of tax revenues," and "targeting those most able to pay." The group notes that there are 2,919 Filipino billionaires with a combined net worth of PHP 8.04 trillion and proposes a wealth tax on the net worth of financial and nonfinancial assets as follows: one percent on wealth over PHP 1 billion, two percent over PHP 2 billion, and three percent over PHP 3 billion. Potential wealth tax revenues from these levies are calculated to reach PHP 467.1 billion (Table 5).

TABLE 5 ► IBON Foundation Wealth Tax Proposal

Table 5: **Ibon Foundation Wealth Tax Proposal**

	Estimated number of billionaires	Potential wealth tax revenues (₱ billion)
₱25+ billion	34	224.0
₱5-25 billion	217	58.3
₱2.5-5 billion	345	50.0
₱1-2.5 billion	2,323	134.7
TOTAL	**2,919**	**467.1**

Source: IBON Foundation 2021

In the Philippines, there are currently two draft legislative bills for a wealth tax: (1) House Bill (HB) No. 10253, filed on 20 September 2020 by members of the Makabayan bloc[41] in the House of Representatives, and (2) a draft bill prepared on 26 April 2020 and revised on 6 March 2023 by the Third World Network (TWN) for the Freedom from Debt Coalition (FDC) and the Nagkaisa Labor Coalition. This draft bill has yet to be filed, as sponsors are still being sought. Both bills impose a wealth tax only on Filipino citizens and on their net assets both in and out of the country.

The "Explanatory Note" of the Makabayan HB No. 10253, entitled "An Act Imposing a 'Super-Rich Tax' on Individuals with Net Values Assets Exceeding One Billion Pesos," notes that in 2018, "only 596 Filipinos corner most of the country's wealth, with each having approximately PHP 2.5 billion or more in riches" and with the "50 wealthiest Filipinos' net worth [growing] by 30% to PHP 4 trillion even amidst a raging pandemic." Makabayan contrasted this with "29% or over six million Filipino families [living] on a monthly income of PHP 10,000 or

41 The Makabayan bloc, during the 18th Congress (2019–2022), was composed of four party-list groups: Bayan Muna, ACT Teachers, Gabriela Women's Party, and Kabataan Partylist..

less" while for "two decades, the basic salaries and wages of workers nationwide was virtually stagnant."

Income inequalities result in wealth inequalities, the Makabayan bill further notes, "with the richest 50 owning more wealth than the poorest 71 million Filipinos combined or 0.005% of the population owning as much as the poorest 65%." Its sponsors note that "Philippine taxation for the longest time has been largely collected from what people pay for what they consume, or from what they earn, (never) a tax on large fortunes."

To correct this regressive form of taxation, the bill proposes "a tax on the super-rich" as follows: "a tax of 1% wealth above PHP 1 billion, 2% on wealth above PHP 2 billion, and 3% over PHP 3 billion" to raise PHP 236.7 billion annually from just 50 richest Filipinos. The amount raised would be allotted for anti-poverty measures and other social programs, "help in closing the widening divide between the rich and the poor" and "shift the burden away from regressive consumption taxes towards the handful of the wealthiest who are capable of contributing more to our public coffers." Specifically, the bill mandates the allocation of 100% of the proceeds of the super-rich tax exclusively in the following manner:

> (A.) Sixty percent (60%) shall be allocated nationwide, based on political and district subdivisions, for medical assistance, the health facilities enhancement program (HFEP), the annual requirements of which shall be determined by the Department of Health (DOH); and,
>
> (B.) Forty percent (40%) shall be allocated to social mitigation measures and investments in (I) education, (II) social protection, (IV) employment, and (V) housing that prioritize and directly benefit both the poor and near-poor households. (HB 10253)

The TWN (2023) also proposed a wealth tax measure, entitled "An Act Imposing a Wealth Tax on the Most Affluent Filipinos." The draft legislation notes the appalling wealth inequality in the country, even as "many Filipinos experience food insecurity and without access to healthcare, thus leading to otherwise preventable death." Under the COVID-19 pandemic, "there is a dire need for additional funds for our government, especially for social services for the economically marginalized—such as food subsidies, health, education, housing, and

protection for health workers" and for vaccine procurement for all (TWN 2023).

Bemoaning the situation where "we have billionaires whose wealth would more than suffice for seven generations of their respective families," the TWN (2023) draft bill demands that the government should exact contributions from them. "considering that they made their fortune in this country and are in fact subsidized by the working people through low wages and low prices for agriculture produce." Meanwhile, corporations have benefited from a "substantial reduction in corporate income tax and even provides for tax holidays and other fiscal incentives to corporations" under the Corporate Recovery and Tax Exemptions for Enterprises Law (CREATE) (TWN 2023).

Accordingly, the TWN draft bill imposes tax rates starting at those with a net worth of PHP 300 million and succeeding seven increments, with the highest rates for those with a net worth of PHP 2.5 billion and over (see Table 6 below). The bill calls for the exclusive use of the wealth tax for the following purposes:

(1.) To contribute to the funding of RA 11223, or the "Universal Health Care Act"

(2.) Government expenditures for health, including the construction of new hospitals and medical facilities and the improvement of current ones

(3.) Food subsidies for the marginalized sectors, including those who lost their livelihood due to the COVID-19 pandemic

(4.) Protective implements, medicines, vitamins, and other needs of all medical frontliners, with priority given to those who take care of COVID-19 patients

(5.) Vaccines, medicines, and implements—all for COVID-19

(6.) Other government expenditures for health, including the construction of new hospitals and medical facilities and the improvement of current ones

TABLE 6 ► Proposed Wealth Tax Rates (Third World Network)

Table 6: Proposed Wealth Tax Rates (Third World Network)

	Top amount of the previous bracket **Over**	Upper limit of the bracket **But not over**	Tax due for all preceding brackets		Rate for the bracket	Top amount of the previous bracket **In excess of**
1	0.00	P 300,000,000			0.00%	
2	300,000,000	500,000,000	0	plus	1.50%	300,000,000
3	500,000,000	700,000,000	3,000,000	plus	1.75%	500,000,000
4	700,000,000	1,000,000,000	6,500,000	plus	2.00%	700,000,000
5	1,000,000,000	1,300,000,000	12,500,000	plus	2.25%	1,000,000,000
6	1,300,000,000	1,800,000,000	19,250,000	plus	2.50%	1,300,000,000
7	1,800,000,000	2,500,000,000	31,750,000	plus	2.75%	1,800,000,000
8	2,500,000,000		51,000,000	plus	3.00%	P 2,500,000,000

Source: Proposed wealth tax bill drafted by Third World Network for the Freedom from Debt Coalition and Nagkaisa Labor Center.

Source: Third World Network 2023

Former Socioeconomic Planning Secretary Solita Collas-Monsod (2021) issued a strong statement of support for a wealth tax. She zeroed in on the country's super rich, especially the billionaires whose net worth had increased severalfold despite, or because of, the pandemic crisis. Collas-Monsod proposed starting with the top 0.1 percent, or 22,000 rich households. She noted that a 1 percent tax on the 17 Filipino billionaires listed by *Forbes* who had a total net worth of USD 45.6 billion (PHP 2.2 trillion) would easily net the country PHP 20 billion. She deplored that the Philippine government has instead been going in the opposite direction, i.e., reducing corporate taxes and granting more tax holidays "at a time when the government is already facing reduced revenue collections and increased expenditures related to the pandemic" (Collas-Monsod 2021).

Citing a May 2022 Oxfam report, FDC President Rene Ofreneo (2022) listed three wealth tax measures proposed by the international organization as follows: (1) a one-time tax on windfall profits by corporations "during the pandemic and economic crisis" to be assessed at 90% on excess profits across industries; (2) a one-off solidarity tax on the wealth of the super-rich; and (3) a recurring annual wealth tax on the richest "starting at 2% above USD 5 million and rises to 3% for those above USD 50 million and 5% above USD 1 billion."

Wealth Tax Under the Marcos Jr. Regime

President Ferdinand Marcos Jr.'s assumption into office in July 2022 creates a new and challenging context and environment for the wealth tax campaign to be further highlighted and gain traction. Marcos Jr. himself, in his State of the Nation Address (SONA) on 25 July 2022, ignored the issue of a wealth tax and confined his references to traditional tax measures like increasing revenue collection through strengthened tax compliance, boosting tax incentives for enterprises, and new value-added taxes on digital services (Marcos 2022). In addition, he proposed to introduce a legislative bill on the proper valuation of real properties and the redesign of financial sector taxation to make it "regionally competitive."

Instead of Marcos Jr., the head of his administration's economic team, Finance Secretary Benjamin Diokno, gave his views on the wealth tax issue. In the *Mangahas* Interviews on GMA News held on 27 May 2022, Diokno expressed his preference for consumption taxes on the grounds that taxation should be based on "what you take away from society" (Diokno 2022). For him, it is "the most effective tax globally" that is also "easiest to collect." When queried by Malou Mangahas on wealth tax proposals, he replied,

> Any tax has to be approved by Congress. So, do you spend all your efforts going through all that? How much time and effort will you spend on a bill that will certainly not pass? There are taxes that bring in small collections yet you spend so much time. So, you might as well focus on big items like "value-added tax"—that is also substantial and efficient. I don't have any objection to a wealth tax so long as it can pass in Congress.

Diokno added that the problem is that Congress has a lot of wealthy members and there are vested interests that wield a lot of influence. He reminds us that an administration has very little time—only six years—and that few governments have been able to undertake tax reforms. "So, why spend a lot of time [on a wealth tax]?" he concludes.

Just three days after Marcos's SONA, however, Diokno changed his previously equivocal tune and took a hardline stance on wealth taxes. Echoing standard objections, Diokno warned that "taxing the rich may drive investors away, at a time when the economy needs as much resources as possible to drive growth" (Simeon 2022b). Diokno added, "[T]hose who may want to enter the Philippines might think twice about

doing so" (quoted in Simeon 2022a). He repeated his earlier position that a wealth tax would be difficult to collect compared with a value-added tax and doubted whether substantial revenues can be generated from a tax that is based on self-declaration.

It must be stated at this point that Philippine government officials have so far presented positions on the wealth tax that are mechanically generated from the neoliberal playbook, without referring to any serious analytical studies as bases for their opposition. These officials display ignorance of the intricacies and the various nuances of the issue by also raising fifth-grade-level questions without indicating an openness to seriously studying the proposals.[42] This knee-jerk attitude does not speak well of the capacity of the country's economic managers to lead the Filipino people out of the pandemic crisis and develop long-term solutions to the country's massive social and economic problems.

It is, therefore, not surprising that when Diokno unveiled the new government's eight-point socioeconomic agenda the day after the SONA, there was no mention of a wealth tax (Nicolas 2022). The non-mention of a wealth tax in both the Marcos SONA and the economic team's eight-point agenda drew criticisms from civil society and the media. For instance, an editorial of the *Philippine Daily Inquirer* argued that

> [g]iven that the poor and the middle class are already heavily burdened by the rising prices of goods, thereby weakening their purchasing power, the Marcos Jr. administration should exert utmost efforts to spare them from the brunt of new or heavier taxes, while making the country's richest citizens contribute a bit more of their immense wealth in the best way they can. (2022)

Support for a wealth tax, however, came from an unlikely source. Senator Sherwin T. Gatchalian, the chair of the powerful Ways and Means Committee,[43] questioned why many of those in the Filipino billionaires' list of Forbes "are not in the list of top taxpayers" (Fernandez 2022). He

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42 The self-defeating questions raised by Diokno were: (1) "When you say tax the wealthy, how much will you really collect from that?"; (2) "How many billionaires do we really have?"; (3) "How much are we talking about? Can we really collect that?"; and (4) "How much resources are we going to spend?" (quoted in Simeon 2022b). Diokno also incorrectly stated that only seven countries have a wealth tax.

43 The Senate Ways and Means Committee is in charge of "fiscal, monetary, and financial affairs of government including tariff, taxation, revenues, and borrowings, among others" (Simeon 2022).

therefore proposes a more progressive tax system "so that the ones who are really rich and can afford will pay higher." Gatchalian says "he is looking at luxury goods and non-essentials . . . the things that the wealthy consume and that are unnecessary to the daily life of a person" (quoted in Simeon 2022b).[44]

In February 2023, a weaker and watered-down version of a wealth tax was filed by Representative Jose Ma. Salceda under HB No. 6993. The said measure proposes a 25 percent tax on luxury or nonessential goods. Included in this category are "jewelry, whether real or imitation, perfume and *eau de toilette*, yachts, wristwatches, bags, wallets, and belts worth more than PHP 50,000; residential property worth more than PHP 100,000 per square meter; and alcoholic and non-alcoholic beverages worth more than PHP 20,000 per liter, paintings, antiques, second-hand cars, and private planes" (Jocson 2023). A law from this measure, however, could potentially raise only PHP 15.50 billion a year, a pittance compared to what a full-blown wealth tax could raise.

Beyond the Wealth Tax

In going beyond a singular wealth tax issue, the APMDD avers that "the broader call is for tax and fiscal justice" and "to make taxes work for people and the planet" (2022). For the advocacy group, a "wealth tax is a major part of that broader call" and is intended to fix "the fundamental flaws in national and global tax systems that are currently marked by elite biases." It is also meant to correct "the deepening divide between the economies of the richest countries and the cash-strapped economies of developing countries that are barely able to make public services available to all, even as they are home to some of the world's richest billionaires" (APMDD 2022).

Not all progressives support the wealth tax proposal. A section within the Left calls it a "smokescreen for capitalism" that "at most, would have only gently relieved the super-rich of what amounts to no more than

44 Senator Gatchalian, ironically, comes from a wealthy Valenzuela City family that made its fortune in the plastics industry and has become a family dynasty in politics. A brother is a congressman while another brother is mayor of Valenzuela City. As Senator, he authored the "Free Higher Education Act" of 2017. He has an estimated net worth of PHP 91.2 million as of 31 December 2020 (PeoPlaid, "Win Gatchalian Biography, Achievements, Net Worth," https://peoplaid.com/2021/07/07/win-gatchalian/).

a bit of pocket-money" and, if effective, would only "keep capitalism back on track" (Internationalists 2021). Support from institutions like the IMF is seen as motivated by the worry of "possible social explosions." Such counsels, in neoliberal fashion, leads state intervention to be "selective and limited." This same Left group also frowns on "radical reformist" proposals, such as guaranteed wages, reduction in working hours, and socially necessary work to be attained through "extraordinary mobilization" as being "grossly insufficient" to break the power of the ruling class and bring about a "proletarian self-government."

Another Left group in the US identified with the Fourth Internationale castigates "various figures and organizations in and around the Democratic Party" (Damon 2019). The said group criticizes those groups "attempting to propagate the fiction that measures can be implemented to address social inequality without a frontal assault on the wealth of the ruling class and the capitalist system itself" especially since this is to be "achieved through the Democratic Party, a right-wing capitalist party that has been instrumental in overseeing the massive redistribution of wealth to the rich." The group calls for the working class to carry out a "sweeping transformation of society . . . take up the program of socialism, that is, the reorganization of society in the interest not of the top 1 percent, not of their envious hangers-on in the top ten percent, but of the bottom 90 percent of society: the great mass of the working class that creates all wealth."

On the other hand, the Jacobin Left formation stands behind the campaign for a wealth tax. The formation states that, in the context of the Canadian situation, even though "a relatively moderate wealth tax could still raise significant funds," what are really needed are "more aggressive rates than those currently on offer (Hemingway 2021). Implementing more aggressive policies and higher tax rates "will allow us to combat unequal concentrations of extreme wealth, rather than simply slowing its growth as lower rates would do."

Objections to the wealth tax coming from some Left groups may, however, be misplaced. In the United States, Bernie Sanders and Alexandra Ocasio-Cortez are leaders of the Democratic Socialists of America (DSA) and have been responsible for the "resuscitation in American discourse" of the socialist idea (Dickinson 2019). Their calls for an American wealth tax must be contextualized within their ideological position. Although Sanders adheres to a "New Deal" and Nordic type of

socialism—more like social democracy—Ocasio Cortez is more pointed in her critique of the rule of capital

> Capitalism, to me, is the ideology of capital. The most important thing is the concentration of capital and it means that we seek and prioritize profit and the accumulation of money above all else, and we seek it at any human and environmental cost… But when we talk about ideas for example like democratic socialism, it means putting democracy and society first, instead of capital first. (quoted in Dickinson 2019)

In the case of the de Guzman–Bello left-wing candidacies in the 2022 Philippine elections, it was made clear that the wealth tax proposal was not a stand-alone reform, but part of a whole package of radical system-changing proposals leading to what the duo identified as "democratic socialism." Other essential sections of the Laban ng Masa electoral platform dealt with workers' control of production, dissolution of conglomerates, reorienting the economy to meet domestic needs, small farmers' control of agriculture, cancellation of debt repayments, direct democracy and popular participation, demilitarization of society, upholding self-determination of non-majoritarian ethnic communities, an independent and internationalist foreign policy, universal transformative social protection, climate justice, and gender equality (Laban ng Masa 2021). In other words, Laban ng Masa's battle cry was system change, more than regime change.

In *Capital and Ideology* (2020), the second book following *Capital in the 21st Century*, Pikkety unfolds a vision of an alternative society taking off from his discussion of inequality and the need for a wealth tax. This second volume is a journey into historical analyses of the development of human society and the social inequalities that characterize its various periods. Pikkety identifies five epochs of human society: (1) slave society, (2) ternary, i.e., feudal society (until the French Revolution), (3) rentier capitalist society (until end of World War II), (4) social democratic society (1945–1980s), and (5) neo-rentier (neoliberal) society. Except for the social democratic epoch, all were marked by extreme inequality.

In the neo-rentier period, "taxes for the rich and corporations were lowered—the working population again bore most of the tax burden." Neoliberal and conservative regimes "abolished inheritance taxes, [and] wealth got concentrated in a few families again [leading] to an increase in the overall level of inequality." Public spending on social services such as education was "modified to benefit the social elites, not the general public," whereas allocations for the welfare system were cut.

> The study of history has convinced me that it is possible to transcend today's capitalist system and to outline the contours of a new participatory socialism for the twenty-first century—a new universalist egalitarian perspective based on social ownership, education, and shared knowledge and progress. (Pikkety 2020, 967)

Pikkety's "participatory socialism" (2020, 1033–34; 2022) is to be built on four pillars: (1) just ownership; (2) social, fiscal, and environmental justice; (3) codetermination at the workplace; and (4) progressive taxation. He recommends "new forms of social ownership . . . developed along with new ways of apportioning voting rights and decision-making powers within firms," doing away with "the notion of permanent private ownership," to be replaced by temporary private ownership, "steeply progressive taxes on large concentrations of property, universal basic income, and educational justice." To "ensure the permanent circulation of capital, [...] the proceeds of the wealth tax will then be parceled out to every citizen in the form of a universal capital endowment." Fulfilling democracy across borders requires the "reorganization of the global economy to favor a transnational system aimed at achieving social, fiscal, and environmental justice."

> The whole history of inequality regimes shows that what makes historical change possible is above all the existence of social and political mobilizations for change and concrete experimentation with alternative arrangements. History is the product of crises; it never unfolds as textbooks might lead one to expect. (Pikkety 2020, 1034)

Piketty (2020, 1033–34) sees globalization as it arose in the 1980s as being "in crisis and entering a transitional stage," with the lower and middle classes of the rich countries wary of international integration and unlimited economic liberalism. Nationalist and identitarian movements have emerged as a result.

> Nationalist ideology could (and probably will) intensify competition between states leading to further social and fiscal dumping at the expense of rival states while encouraging authoritarian and anti-immigrant policies at home so as to unite the native-born population against its supposed foreign enemies. This has already begun to happen not only in Europe and the United States but also in India and Brazil and in some ways in China (in the attitude towards dissidents). (p. 1034)

Piketty (2020, 1034) argues that "the only way to overcome these contradictions is to move towards a true participatory and internationalist socialism based on social-federalist political structures and a new

cooperative organization of the world economy." He waxes optimistic as he sees that

> Human societies have yet to exhaust their capacity to imagine new ideological and institutional solutions. The political ideological repertoire is vast. Change comes when the short-term logic of events intersects with the long-term evolution of ideas. Every ideology has its weaknesses, but no human society can live without an ideology to make sense of its inequalities. (1034)

For Pikkety (2021, 2), what he calls "hypercapitalism" has been overly excessive and gone much too far. In a turnaround from his earlier position in the 1990s that "the market economy and private property were part of the solution," he is now "convinced that we need to think about a new way of going beyond capitalism, a new form of socialism, participative and decentralized, federal and democratic, ecological, multiracial, and feminist" (p. 2).

Conclusion

The world is experiencing levels of social and wealth inequalities at a supercharged rate that has never been experienced before. This phenomenon has been analyzed as a logical outcome of a capitalist and hyper-capitalist type of development that is counterproductive and with only a few beneficiaries—the rentier rich and super-rich—parasitically feeding on the labor of many. The impact of such inequalities is felt at all levels of human society—economic, political, social, and cultural. It has dimensions related to climate, health, education, housing, gender, and governance. Recognition of this phenomenon and its effects have been widespread—cutting across the North–South divide and ideological standpoints.

The gravity and critical nature of the situation have threatened the very foundations and premises of the global economic architecture and its political superstructure. The financial crisis of 1997–1998, the recession-like global downturn in 2008–2009, the resultant social unrest of the 99 percent and the debilitating impact of the COVID-19 pandemic have given rise to radical proposals such as a wealth tax on the world's richest individuals and families.

A wealth tax is now widely accepted as an urgent, necessary, and feasible solution. This is the case not only for left and progressive scholars and social movements but even for conservative institutions like the IMF and the World Bank, who have been long enamored with free-market, neoliberal, and "trickle-down" theories. The lone holdouts are the super-rich—the billionaires themselves and their apologists and paid hangers-on, i.e., the economic managers and their political overlords in backward societies like the Philippines. The lame arguments of this dissonant group, however, have been effectively countered both by critical analyses and empirical evidence.

However, wealth tax proposals are varied. They range from moderate with limited scope and outcomes to those that are more far-reaching and all-encompassing. Thus, the proposed tax rates and cut-off points are similarly diverse. Disagreements also arise as to whether the tax can be done at the country level or at the regional and global levels. Which ones would be eventually adopted and implemented will depend on the configuration of political forces within each country and mass mobilizations from below to challenge deeply entrenched interests.

International efforts are also established that develop mechanisms to undercut resistance by way of capital flight and tax evasion. International agreements, however, are only as good as the governments that adhere to them. Although there are several high-profile cases of super-rich tax evaders and corporations held accountable and made to pay hefty fines, there are several-fold more culprits that "get away with murder," given the loopholes embedded in these agreements. Such loopholes can be effectively plugged under a global and all-encompassing wealth tax regime.

The absurdity of it all is that a wealth tax can be viewed as "a conservative position—a compromise of sorts" in place of "outright expropriation" of the capitalist class (Miraflor 2023). In the Philippines, it would take only 17 percent of the net surplus income appropriated by the corporate tycoons to abolish poverty in its entirety with no noticeable dent in their lives of luxury. That this seemingly logical and win-win solution does not take place speaks of deeper infirmities in modern society that need to be addressed and overturned.

Proponents armed with a longer view acknowledge that progressive taxation through a wealth tax cannot be a stand-alone and one-off strategy to counter inequalities. Since inequalities are systemic in nature and historically determined by the logic of capitalist development, the overhaul and replacement of that system has become a categorical imperative. In this regard, proposals have been put forward for new forms of socialism as alternatives that are relevant to 21st century developments. Time will tell how this new struggle for social, political, economic, and environmental justice will play out.

Taking a longer view does not in any way diminish the importance and urgency of promulgating a comprehensive and loophole-free wealth tax. Given its ever-widening support across the entire political spectrum—except for backward-thinking neoliberal holdouts—now is the best time for establishing the wealth tax as a principal and mainstream strategy for addressing long-standing social and economic inequalities.

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Third World Network, Nagkaisa Labor Coalition, and Freedom for Debt Coalition. n.d.

Appendices

APPENDIX 1 ► Proposed Wealth Tax Bill of Third World Network (TWN) , Freedom from Debt Coalition (FDC) and Nagkaisa Labor Center (NLC)

NINETEENTH CONGRESS OF THE)

REPUBLIC OF THE PHILIPPINES)

***First Regular Session*)**

SENATE S.B. No. ______

Introduced by Senator ___________________

EXPLANATORY NOTE

Wealth and income inequality in the Philippines is appalling, with many Filipinos experiencing both food insecurity and lack of access to adequate healthcare – thus often leading to otherwise preventable death. Many families lack the means to sustain the education of their children, who are at the same time forced to work to provide for the basic needs of the family.

Lamentably, the inequality is passed on to the next generations: the children and grandchildren of the rich have access to better education from grade school to high school and can go on to pursue higher education in the best universities in the Philippines and even abroad, become bankers, doctors and lawyers, etc. They have better connections to further their careers and businesses, and have access to adequate health care, while having time and resources for culture and the arts.

The rich also have access to political power or at least have strong political connections that would allow them to protect their wealth, their businesses and professional interests.

To top it all, they inherit the wealth of their parents.

As if these advantages were not enough, the rich pay little in terms of income, estate, and donor's taxes relative to their net worth. One important reason is that the increase in the fair market value of their assets - including shares of stock, paintings, jewelry, etc. - is not a taxable event. Also, the inheritance they receive is only subject to a 6% estate tax, which is much lower than the corresponding amount of income tax if the inheritance were treated as income.

Incidentally, the tax rate imposed on an estate had gone down through the decades from 60%[45] to 35%[46] to 20%[47], and is now only 6%[48] - regardless of the amount of the estate.

Meanwhile, students from working class families, both rural and urban, would consider themselves lucky to have access to college education, even as they would typically have to work while studying. A huge majority of the children of working people do not go to college. They inherit nothing from their parents.

Even before the COVID-19 pandemic, there was already a dire need for additional tax revenues, especially for social services for the economically marginalized - such as food subsidies, health, education, housing, and protection for health workers. Things have obviously gotten much worse for ordinary Filipinos.

That is not the case for the very rich: they have in fact become richer.

At a time when the majority of our people are having problems making both ends meet, made worse by high inflation, high unemployment and underemployment, job insecurity, and with families supporting extended family members, we simply cannot impose additional taxes on the marginalized sectors and the middle class. More efficient tax collection by our authorities, while essential and would go a long way, may not be enough for the needs of our people.

45 Effective September 15, 1950 to December 31, 1972 (Section 85 of the NIRC, as amended (RA No. 579).

46 Effective January 1, 1973 to July 27, 1992 (Section 85 of the NIRC, as amended (PD No. 69).

47 Effective January 1, 1998 up to December 31, 2017 (RA No. 8424).

48 Effective January 1, 2018 to present (RA No. 10963).

On top of that, a third of the national budget goes to debt servicing alone.

Meanwhile, we have billionaires whose wealth would more than suffice to have an extremely comfortable life for seven (7) generations. Moreover, the Corporate Recovery and Tax Incentives for Enterprises Law (CREATE), Republic Act No. 11534, provides substantial reduction in corporate income tax and even provides for tax holidays and other fiscal incentives to corporations – thus benefitting the very persons asked to pay the wealth tax.

For these reasons, the State should exact contributions from individuals could very well afford to contribute towards the welfare of ordinary Filipinos, those with **net worth** of more than **PHP 300M.** Evidently, they and their ascendants have made their fortunes in this country even as they are in fact subsidized by the working people through low wages and low prices for agriculture produce. The State has also been subsidizing the rich by spending considerable amounts of resources for healthcare and education for the working people who are eventually employed by the rich. The same is true as regards everyone else who provide goods and services for the rich without receiving compensation that allows a life of dignity.

The revenues from this measure shall be earmarked for food subsidies for the marginalized sectors, including those who lost their livelihoods due to the COVID-19 pandemic; protective implements, medicines, vitamins, and other needs of all medical frontliners, with priority given to those who take care of Coronavirus-19 patients; vaccines, medicines, and implements - all for Coronavirus-19; and other government expenditures for health, including the construction of new hospitals and medical facilities and the improvement of current ones.

Most importantly, the issue at hand is the very survival of a huge percentage of the Filipino people.

Arguably, this proposed measure will not even result in real wealth redistribution or even address structural social injustice: even if they pay wealth tax, the rich will not be less so, neither will they lose their political or economic power. The poor will hopefully benefit through better access to health care and, consequently, become better prepared to do well in school. The measure simply seeks to raise revenues to address the lack of basic necessities, especially for the most vulnerable Filipinos.

The marginalized sectors deserve all the support they need to survive this pandemic and live a life of dignity, thus placing them at a position to contribute even more to the welfare of the entire country – including those who will be asked to pay the wealth tax.

For these reasons, it is clear that the passage of this bill is of utmost importance for all Filipinos.

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE S.B. No. _____

Introduced by Senator ___________________

AN ACT IMPOSING WEALTH TAX ON THE MOST AFFLUENT FILIPINOS

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress

Assembled:

SECTION 1. *Title.* – This Act shall be known as "Wealth Tax Act of 2023".

SECTION 2. *Definitions.* – When used in this Act:

(A) The term "***person***" means a natural person who is a citizen of the Republic of the Philippines, regardless of place of residence or citizenship in other countries;

(B) The term "***assets***" shall include a person's house; real property, real estate; shares of stock in corporations or other business entities, regardless of place of incorporation, domicile or place of operations thereof, including warrants and/or options to purchase shares of stock5, as well as units of participation in a partnership, joint stock companies, joint accounts, joint ventures taxable as corporations, associations and recreation or amusement clubs (such as golf, polo or similar clubs), and mutual fund certificates; shares in partnerships, no matter how created or organized; bank deposits; securities; bonds; treasury bills, central bank bills; receivables, loan receivables, and other instruments of value; trusts; expected insurance benefits; annuities; intangible properties; jewelries; and all other real and personal properties and other things, tangible or intangible, that have value.

(C) The term "***taxpayer***" shall include a person liable or potentially liable for the payment of wealth tax, including those who had paid or have been assessed as liable for the payment thereof;

(D) The term "***liabilities***" shall include a person's loan payables, accounts payables, and all forms of indebtedness, but shall not include partly or wholly unavailed credit lines; and

(E) The term "***net worth***" shall mean a person's assets less liabilities.

SECTION 3. ***Amendment to the National Internal Revenue Code.*** – _The wealth tax provided under this act shall form part of the internal revenues of the Republic of the Philippines. Consequently, the NIRC shall be amended to add

"Title III-A - Wealth Tax".

"Section 105. Wealth Tax Rates. – There shall be a wealth tax imposed on the net worth of each person as of December 31 of each year based on the following rates:"

	Top amount of the previous bracket	Upper limit of the bracket	Tax due for all preceding brackets		Rate for the bracket	Top amount of the previous bracket
	Over	**But not over**				**In excess of**
1	0.00	P 300,000,000			0.00%	
2	300,000,000	500,000,000	0	plus	1.50%	300,000,000
3	500,000,000	700,000,000	3,000,000	plus	1.75%	500,000,000
4	700,000,000	1,000,000,000	6,500,000	plus	2.00%	700,000,000
5	1,000,000,000	1,300,000,000	12,500,000	plus	2.25%	1,000,000,000
6	1,300,000,000	1,800,000,000	19,250,000	plus	2.50%	1,300,000,000
7	1,800,000,000	2,500,000,000	31,750,000	plus	2.75%	1,800,000,000
8	2,500,000,000		51,000,000	plus	3.00%	P 2,500,000,000

"Section 106. Date of payment. – Each individual person liable for the payment of wealth tax BASED ON THE NET WORTH AS OF DECEMBER 31, as provided in the table in Section 2, shall file with the Bureau of Internal revenue not later than May 31 of each year a Wealth Tax Return, which shall reflect the total assets, liabilities, net worth, and amount of wealth tax payable. Upon filing of the return the taxpayer concerned shall pay half of the amount due. Twenty-five (25%) shall be due on or before August 31, and the remaining 25% on November 30."

SECTION 4. ***Date of payment. – Based on the net worth as of December 31 of the previous year,*** each individual person liable for the payment of wealth tax, as provided in the table in Section 3, shall file with the Bureau of Internal revenue not later than May 31 of each year a Wealth Tax Return, which shall reflect the total assets, liabilities, net worth of the previous year, and amount of wealth tax payable. Upon filing of the return, the taxpayer concerned shall pay half of the amount due. Twenty-five (25%) shall be due on or before August 31, and the remaining 25% on or before November 30.

SECTION 5. ***Assessment and payment.*** – _For purposes for assessing and collecting wealth tax, the Bureau of Internal Revenue and the Commissioner of Internal Revenue shall exercise all of the pertinent powers of assessment and collection of income, estate, and donor's tax under the National Internal Revenue Code and pertinent regulations, including the imposition of fines and penalties and the filing of criminal charges, and all other pertinent provisions of the NIRC.

Subject to the provisions of "SECTION 7. Disposition of revenues from wealth tax" of this Act and subject also to the rules and regulations to be issued by the Secretary of Finance and the Commissioner **the wealth tax liability** under this Act, provisional or final, **shall be treated as income, estate, or donor's tax liability** under the pertinent provisions of the NIRC, including the following: Title VIII - Remedies, Title IX - Compliance Requirements, and Title X - Statutory Offenses and Penalties.

SECTION 6. ***Remedies of the taxpayer.*** – Any taxpayer may avail any of the remedies provided by the pertinent provisions of the NIRC with respect to income, estate, and donor's tax, including regulations issued by the Bureau of Internal Revenue.

SECTION 7. ***Disposition of revenues from wealth tax.*** – The NIRC shall be amended as follows in order to provide in no uncertain terms that the revenues collected under this law shall be used exclusively for the following:

> **Section 289-B. Disposition of revenues from wealth tax. – Revenues collected under this law shall be used exclusively for the following:**
>
> - To contribute to the funding of RA 11223 - "Universal Health Care Act".

- government expenditures for health, including the construction of new hospitals and medical facilities and the improvement of current ones; and
- food subsidies for the marginalized sectors, including those who lost their livelihood due to the Covid-19 pandemic;
- protective implements, medicines, vitamins, and other needs of all medical frontliners, with priority given to those who take care of Coronavirus-19 patients;
- vaccines, medicines, and implements - all for Coronavirus-19; and,
- other government expenditures for health, including the construction of new hospitals and medical facilities and the improvement of current ones.

SECTION 8. ***Implementing Rules and Regulations.*** – The Secretary of Finance shall promulgate rules and regulations for the effective implementation of this Act.

SECTION 9. ***Repealing Clause.*** – All laws, decrees, orders, issuances, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 10. ***Separability Clause.*** – If any section or provision of this Act shall be declared unconstitutional, other provisions not affected shall continue to be in full force and effect.

SECTION 11. ***Effectivity.*** This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation. ***APPROVED,***

APPENDIX 2 ► Makabayan Wealth Tax Bill

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL No. 10253

Introduced by

BAYAN MUNA Representatives FERDINAND R. GAITE, CARLOS ISAGANI T. ZARATE, and EUFEMIA C. CULLAMAT, ACT TEACHERS Party-List Representative FRANCE L. CASTRO, GABRIELA Women's Party Representative ARLENE D. BROSAS and KABATAAN Party-List Representative SARAH JANE I. ELAGO

AN ACT

IMPOSING A 'SUPER-RICH TAX' ON INDIVIDUALS WITH NET VALUE ASSETS EXCEEDING ONE BILLION PESOS (P1,000,000,000.00), AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE OF 1997 OR REPUBLIC ACT 10963 AS AMENDED

EXPLANATORY NOTE

In 2018, a scandalously minuscule 0.8 percent of Filipino families have a monthly income of one hundred forty thousand (140,000) to eight (8) million pesos. Only 596 Filipinos corner most of the country's wealth, with each having approximately Php2.5 billion or more in riches.

With these large incomes, the 50 wealthiest Filipinos' net worth grew by 30% to PhP4 trillion even amidst a raging pandemic. By 2021, the 17 wealthiest in our country made it to the Annual Forbes List of the world's richest individuals.

On the other hand, 29 percent or over six million Filipino families live on a monthly income of ten thousand pesos or less. For 2 decades the basic

salaries and wages of workers nationwide was virtually stagnant, slightly increasing only to adjust for inflation.

This large difference in incomes result in a similarly large difference in wealth, with the richest 50 owning more wealth than the poorest 71 million Filipinos combined or one-half of the one-hundredth of a percent (0.005%) of the population owning as much as the poorest two-thirds (65%).

Philippine taxation for the longest time has been largely collected from what people pay for, what they consume, or from what they earn, and have never implemented a tax on large fortunes.

Hence, this bill proposes a tax on the super-rich. A tax of 1% on wealth above Php1 billion, 2% on wealth above Php2 billion, and 3% over Php3 billion is hereby proposed. This tax will raise Php236.7 billion annually just from the 50 richest Filipinos alone who by any standard are those who can best afford to pay much higher taxes.

The billions in revenue from this tax would aid the government in pursuing its anti-poverty measures and other social programs that would help in closing the widening divide between the rich and the poor.

This tax would further help shift the burden away from regressive consumption taxes towards the handful of the wealthiest who are capable of contributing more to our public coffers.

For this reason, support for this bill earnestly sought.

Approved,

(SGD) REP.FERDINAND R. GAITE
BAYAN MUNA PARTYLIST

(SGD) REP. CARLOS ISAGANI T. ZARATE
BAYAN MUNA PARTYLIST

(SGD) REP. EUFEMIA C. CULLAMAT
BAYAN MUNA PARTLIST

(SGD) REP. FRANCE L. CASTRO
ACT TEACHERS PARTYLIST

(SGD) REP. ARLENE D. BROSAS
GABRIELA WOMEN’S PARTYLIST

(SGD) REP. SARAH JANE L. ELAGO
KABATAAN PARTYLIST

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL No. 10253

Introduced by

BAYAN MUNA Representatives FERDINAND R. GAITE, CARLOS ISAGANI T. ZARATE, and EUFEMIA C. CULLAMAT, ACT TEACHERS Party-List Representative FRANCE L. CASTRO, GABRIELA Women's Party Representative ARLENE D. BROSAS and KABATAAN Party-List Representative SARAH JANE I. ELAGO

AN ACT

IMPOSING A 'SUPER-RICH TAX' ON INDIVIDUALS WITH NET VALUE ASSETS EXCEEDING ONE BILLION PESOS (P1,000,000,000.00), AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE OF 1997 OR REPUBLIC ACT 10963 AS AMENDED

Be it enacted by the Senate and House of Representatives of the Republic of the Philippines in Congress assembled:

SECTION 1. ***Title.*** This act shall be known as the "Super-Rich Tax Act of 2021."

SECTION 2. The National Internal Revenue Code of 1997 is hereby amended by the insertion of the following section to be designated as Sec. 27 as follows:

"SEC. 27. INDIVIDUAL WEALTH TAX. –

(A) AN INDIVIDUAL WEALTH TAX IS HEREBY IMPOSED (1) ON THE NET VALUE OF ALL TAXABLE ASSETS OF THE TAXPAYER AS DEFINED IN SEC. 33 OF THIS CODE, PROVIDED THAT THE NET VALUE OF TAXABLE ASSETS OF THE TAXPAYER EXCEEDS ONE BILLION PESOS (P1,000,000,000.00) AS DEFINED IN SUBSECTION (B) OF THIS SECTION, DERIVED FROM EACH TAXABLE YEAR FROM

ALL SOURCES WITHIN AND WITHOUT THE PHILIPPINES BY EVERY INDIVIDUAL CITIZEN OF THE PHILIPPINES RESIDING THEREIN; (2) ON THE NET VALUE OF ALL TAXABLE ASSETS OF THE TAXPAYER AS DEFINED IN SEC. 33 OF THIS CODE, PROVIDED THAT THE NET VALUE OF TAXABLE ASSETS OF THE TAXPAYER EXCEEDS ONE BILLION PESOS (P1,000,000,000.00) AS DEFINED IN SUBSECTION (B) OF THIS SECTION, DERIVED FROM EACH TAXABLE YEAR FROM ALL SOURCES WITHIN THE PHILIPPINES BY AN INDIVIDUAL CITIZEN OF THE PHILIPPINES WHO IS RESIDING OUTSIDE OF THE PHILIPPINES INCLUDING OVERSEAS CONTRACT WORKERS REFERRED TO IN SUBSECTION(C) OF SECTION 23 HEREOF; AND (3) ON THE NET VALUE OF TAXABLE ASSETS OF THE TAXPAYER AS DEFINED IN SECTION 33 OF THIS CODE, PROVIDED THAT THE NET VALUE OF TAXABLE ASSETS OF THE TAXPAYER EXCEEDS ONE BILLION PESOS (P1,000,000,000.00) AS DEFINED IN SUBSECTION (B) OF THIS SECTION, OTHER THAN ASSETS SUBJECT TO TAX UNDER SUBSECTIONS (B), (C), (D) OF SECTION 24 HEREOF, DERIVED FOR EACH TAXABLE YEAR FROM ALL SOURCES WITHIN THE PHILIPPINES BY AN INDIVIDUAL ALIEN WHO IS A RESIDENT OF THE PHILIPPINES.

(B) RATES OF TAXABLE WEALTH OF INDIVIDUALS – THE TAX SHALL BE COMPUTED IN ACCORDANCE WITH AND AT THE RATES ESTABLISHED IN THE FOLLOWING SCHEDULE:

<u>TAX SCHEDULE EFFECTIVE JANUARY 1, 2022 ONWARDS:</u>

WEALTH ABOVE P1,000,000,000.............................. 1%

WEALTH ABOVE P2,000,000,000.............................. 2%

WEALTH ABOVE P3,000,000,000.............................. 3%

FOR MARRIED INDIVIDUALS, THE HUSBAND AND WIFE, SHALL COMPUTE SEPARATELY THEIR INDIVIDUAL WEALTH TAX BASED ON THEIR RESPECTIVE TOTAL TAXABLE ASSETS: PROVIDED THAT IF ANY ASSET CANNOT BE ATTRIBUTED TO OR IDENTIFIED AS WEALTH EXCLUSIVELY ACCUMULATED OR REALIZED BY EITHER OF THE SPOUSES, THE SAME SHALL BE DIVIDED EQUALLY BETWEEN THE SPOUSES FOR THE PURPOSE OF DETERMINING THEIR RESPECTIVE TAXABLE WEALTH.

SECTION 3. The National Internal Revenue Code of 1997 is hereby further amended by the insertion of the following section to be designated as Sec. under Title II, Chapter VI: 38

"TITLE II
CHAPTER VI

SEC. 33. SUPER-RICH TAX DEFINED – THE TERM 'NET VALUE OF TAXABLE ASSETS' MEANS THE MARKET VALUE OF ASSETS OWNED BY A TAXPAYER, REAL OR PERSONAL, TANGIBLE OR INTANGIBLE, WHEREVER SITUATED, REDUCED BY ANY DEBTS OWED BY THE TAXPAYER."

SECTION 4. The National Internal Revenue Code of 1997 is hereby further amended by the insertion of the following section to be designated as Sec. 292 under Title XI, Chapter II: 2

"TITLE XI

CHAPTER II

SEC. 292. DISPOSITION OF PROCEEDS OF SUPER-RICH TAX – THE PROVISIONS OF EXISTING LAWS TO THE CONTRARY NOTWITHSTANDING, ONE HUNDRED PERCENT (100%) OF THE TOTAL REVENUES COLLECTED FROM THE SUPER-RICH TAX SHALL BE ALLOCATED AND USED EXCLUSIVELY IN THE FOLLOWING MANNER:

(A) SIXTY PERCENT (60%) SHALL BE ALLOCATED NATIONWIDE, BASED ON POLITICAL AND DISTRICT SUBDIVISIONS, FOR MEDICAL ASSISTANCE, THE HEALTH FACILITIES ENHANCEMENT PROGRAM (HFEP), THE ANNUAL REQUIREMENTS O F WHICH SHALL BE DETERMINED BY THE DOH; AND

(B) FORTY PERCENT (40%) SHALL BE ALLOCATED TO SOCIAL MITIGATING MEASURES AND INVESTMENTS IN: (I) EDUCATION, (II) SOCIAL PROTECTION, (IV) EMPLOYMENT, AND (V) HOUSING THAT PRIORITIZE AND DIRECTLY BENEFIT BOTH THE POOR AND NEAR-POOR HOUSEHOLDS."

SECTION 5. ***Separability Clause***—If any provisions of this Act is declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 6: *Repealing Clause:* - All laws, orders, issuances, rules and regulations or part thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 7. ***Effectivity Clause.*** This Act shall take effect within fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier. 35

Approved,

APPENDIX 3

ARE THE PHILIPPINES' RICHEST ALSO TOP INCOME TAXPAYERS?

The BIR has released on its website its list of Top Individual Taxpayers for Taxable Year 2012 (based on regular income taxes[1] paid to the government of the Philippines). Forbes Magazine has published its own list of the Philippines' 40 Richest in 2012. Did these richest Filipinos make the BIR list too?

	THE PHILIPPINES' 40 RICHEST IN 2012 BASED ON NET WORTH[2]	RANKING(S) ON BIR'S 2012 TOP INDIVIDUAL TAXPAYERS LIST	TOTAL REGULAR INCOME TAXES PAID IN 2012 BASED ON THE BIR LIST (IN PHP)
1	Henry Sy & family	73 (HENRY SY, JR.) 74 (HENRY SY, SR.) 104 (HANS SY) 157 (HARLEY SY) 159 (HERBERT SY) 236 (ELIZABETH SY) 262 (TERESITA SY) 263 (FELICIDAD SY)	93,756,579.00
2	Lucio Tan & family	138 (LUCIO TAN) 477 (HARRY TAN, JR.)	17,956,874.38
3	Enrique Razon, Jr.	52	19,029,900.80
4	John Gokongwei, Jr. & family	255 (LANCE GOKONGWEI) 260 (JOHN GOKONGWEI, JR.)	16,817,628.87
5	David Consunji & family	299 (VICTOR CONSUNJI) 384 (ISIDRO CONSUNJI)	14,279,281.13
6	Andrew Tan	12	39,605,000.00
7	Jaime Zobel de Ayala & family	10 (FERNANDO ZOBEL DE AYALA) 11 (JAIME AUGUSTO ZOBEL DE AYALA)	81,623,920.52
8	George Ty & family	77 (ARTHUR TY) 224 (GEORGE TY) 388 (ALFRED TY) 436 (MARY TY)	38,022,264.73
9	Roberto Ongpin	310	7,427,325.00
10	Eduardo Cojuangco, Jr.	*	*
11	Roberto Coyiuto, Jr.	342	7,101,286.87
12	Tony Tan Caktiong & family	247 (TONY TAN CAKTIONG)	8,664,566.59
13	Lucio and Susan Co	47 (LUCIO CO)	19,763,899.00
14	Iñigo and Mercedes Zobel	*	*
15	Emilio Yap	383	6,737,913.91
16	Jon Ramon Aboitiz & family	16 (JUSTO ABOITIZ ORTIZ) 31 (ERRAMON ISIDRO ABOITIZ) 136 (IKER ABOITIZ) 167 (JON RAMON ABOITIZ) 214 (MIKEL ALBERTO ABOITIZ) 222 (ENRIQUE ABOITIZ, JR.)	99,580,681.53
17	Andrew Gotianun & family	*	*
18	Manuel Villar	*	*
19	Beatrice Campos & family	115 (JOSELITO CAMPOS, JR.)	12,775,342.40
20	Vivian Que Azcona & family	1 (VIVIAN QUE AZCONA)	131,434,036.34
21	Alfonso Yuchengo & family	*	*
22	Mariano Tan, Jr.	*	*
23	Enrique Aboitiz	*	*
24	Eric Recto	184	10,169,432.17
25	Jose Antonio	404	6,498,729.09
26	Gilberto Duavit & family	61 (GILBERTO DUAVIT, JR.)	18,238,926.83
27	Menardo Jimenez	*	*
28	Frederick Dy	238	8,812,620.90
29	Manuel Zamora, Jr.	467	6,042,050.48
30	Alfredo Ramos & family	*	*
31	Oscar Lopez & family	17 (OSCAR LOPEZ) 25 (FEDERICO LOPEZ) 43 (EUGENIO LOPEZ III) 203 (MANUEL LOPEZ)	90,621,234.76
32	Felipe Gozon & family	41 (FELIPE GOZON) 229 (MENARDO GOZON JIMENEZ, JR.) 297 (JOEL MARCELO GOZON JIMENEZ)	37,526,276.36
33	Betty Ang	265	8,341,321.36
34	Wilfred Uytengsu, Jr. & family	215 (WILFRED UYTENGSU, JR.)	9,482,155.52
35	Juliette Romualdez	*	*
36	Bienvenido Tantoco, Sr. & family	*	*
37	Jacinto Ng, Sr.	*	*
38	Tomas Alcantara & family	*	*
39	Michael Cosiquien	*	*
40	Edgar Sia II	*	*

* Taxpayer is not on the BIR's list of Top 500 Individual Taxpayers for 2012.
The BIR did not publish individual taxpayers' regular income taxes paid beyond the top 500.

ONLY 25 OUT OF THE 40 RICHEST ARE ON THE BIR'S LIST OF TOP INDIVIDUAL TAXPAYERS FOR 2012.

TAX WATCH DOF.GOV.PH BIR.GOV.PH PERANGBAYAN.COM

1 Include taxes withheld from compensation, creditable/expanded withholding taxes, and net income taxes paid
2 The Forbes list is based on net worth of accumulated wealth, while the BIR list is based on regular income taxes paid

Source: Department of Finance. n.d. Republic of the Philippines, https://www.dof.gov.ph/advocacies/tax-watch/

APPENDIX 4

WHAT OTHER INDUSTRIES ARE UNDER-REPRESENTED IN BIR 500?

Estimates based on the four rounds of the Labor Force Survey in 2012 show that there are around 5.6 million officials of government and special interest organizations, corporate executives, managers, managing proprietors, and supervisors. They make up 14.9% of the Philippines' labor force (the second largest group next to laborers and unskilled workers at 33.4%). Despite that, however, some of the country's biggest sectors are under-represented in BIR 500*. Which industries are these?

263,200 EMPLOYED IN THE MINING AND QUARRYING[1] INDUSTRY, BUT ONLY 10 TOP TAXPAYER EXECS[2]

- Manny Pangilinan *(Philex Mining Corp.)* 24,671,703
- Eugene Mateo *(TVI Resource Dev't)* 13,101,270
- Jose Ernesto Villaluna, Jr. *(FEC Resources)* 12,848,685
- Andrew Pickord *(Xstrata Copper)* 9,996,295
- Victor Consunji *(Semirara Mining Corp.)* 7,584,041
- Ian Winter *(Orica Philippines)* 6,880,616
- Isidro Consunji *(Semirara Mining Corp.)* 6,695,240
- Eulalio Austin *(Philex Mining)* 6,655,931
- Takanori Fujimura *(Coral Bay Nickel Corp.)* 6,347,319
- Manuel Zamora, Jr. *(Nickel Asia)* 6,042,050

2.63 MILLION IN TRANSPORTATION AND STORAGE[1], BUT ONLY 14 TOP TAXPAYER EXECS[3]

- Enrique Razon, Jr. *(Int'l Container Terminal Services)* 19,029,901
- Herminio Esguerra *(Herma Group)* 14,314,288
- Ronaldo Blanco *(RGB Maritime Services, Batangas Hauling & Trucking Services)* 13,899,383
- Eusebio Tanco *(Asian Terminals Inc.)* 12,310,295
- Lucio Tan *(Philippine Airlines)* 11,973,504
- Ramon Ang *(Philippine Airlines)* 10,993,000
- Lance Gokongwei *(Cebu Pacific)* 8,438,322
- Olive Ramos *(Tiger Air Philippines)* 7,815,960
- Edison Sy *(Asian Slipways Corp.)* 7,038,303
- Robinson Sy *(Asian Shipping Corp.)* 6,941,056
- Paul Schoenenberger *(Panalpina World Transport)* 6,675,233
- Ricardo Romulo *(Cebu Pacific)* 6,618,745
- Edgardo Abesamis *(South Cotabato Int'l Port Services)* 6,449,161
- Alberto Lina *(Air21)* 5,935,662

13,167 IN THE MEDIA SECTOR[4], BUT ONLY 13 TOP TAXPAYER EXECS[3]

- Manny Pangilinan *(TVS)* 24,671,703
- Felipe Gozon *(GMA Network)* 20,905,148
- Eugenio Lopez III *(ABS-CBN Corp.)* 20,758,951
- Antonio Tuviera *(TAPE Inc.)* 18,979,400
- Gilberto Duavit, Jr. *(GMA Network)* 18,238,927
- Mike Enriquez *(RGMA Network)* 16,542,458
- Emmanuel Lorenzana *(TVS)* 11,474,562
- Eric Canoy *(RMN, IBC)* 10,843,458
- Lizelle Maralag *(GMA Marketing and Productions)* 10,127,524
- Charo Santos-Concio *(ABS-CBN Corp.)* 10,074,035
- Cory Vidanes *(ABS-CBN Corp.)* 7,640,981
- Joel Jimenez *(Alta Productions)* 7,617,598
- Ma. Lourdes Santos *(Star Cinema)* 7,143,655

10.68 MILLION IN AGRICULTURE[1], BUT ONLY 7 TOP TAXPAYER EXECS[3]

- Alexander Lim *(Morning Star Milling Corp.)* 14,869,129
- Wellington Lim *(Morning Star Milling Corp.)* 14,853,139
- Joselito Campos, Jr. *(Del Monte Pacific)* 12,775,342
- Paterno Luym, Sr. *(Ludo & Luym Corp)* 11,338,218
- Julio Sy, Sr. *(BUSCO Sugar Milling Co. Inc.)* 10,592,916
- Francisco Alejo III *(Monterey Foods Corp.)* 10,075,598
- Hector Enrique Rivera *(Fresh Del Monte Produce)* 6,004,992

1.58 MILLION IN ACCOMMODATION & FOOD SERVICE ACTIVITIES[1], BUT ONLY 5 TOP TAXPAYER EXECS[3] FROM FOOD SERVICE

- Andrew Tan *(Golden Arches Dev't Corp.)* 39,605,000
- Theodore Valderrama *(Angelina Bakeshop)* 15,352,048
- Jorge Araneta *(Pizza Hut, Taco Bell, Dairy Queen [under Araneta Group])* 10,771,976
- Tony Tan Caktiong *(Jollibee Foods Corp.)* 8,664,567
- Amparito Lhuillier *(M. Lhuillier restaurants)* 8,624,690

WHERE ARE THE OTHER PROFESSIONALS FROM THESE INDUSTRIES?

1 annual estimates based on the four rounds of the Labor Force Survey in 2012
2 only includes taxpayers holding senior management executive positions, i.e. excludes Directors and Board Members; and, excludes taxpayers holding senior management executive positions in companies primarily involved in crude petroleum extraction, production, and distribution
3 only includes taxpayers holding senior management executive positions, i.e. excludes Directors and Board Members
4 based on final results of the NSO 2009 Survey on Information and Communication Technology

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You can help contribute to good governance by submitting anonymous tips at www.perangbayan.com.

Source: Department of Finance. n.d. Republic of the Philippines, https://www.dof.gov.ph/advocacies/tax-watch/

APPENDIX 5

PART 2: ARE THE TOP 100 CORPORATIONS IN TERMS OF GROSS REVENUES ALSO TOP TAXPAYERS?

The Bureau of Internal Revenue released the list of Top 500 Non-Individual Taxpayers for Taxable Year 2012 Based on Income Tax Returns Filed. Comparing it with the preliminary list of the top 100 SEC corporations in the Philippines, only which companies and corporations made it to BIR's list? In last week's Tax Watch, the Department of Finance and the Bureau of Internal Revenue looked at the top 50 SEC Corporations. For this week, let us look at the bottom half of the list:

COMPANY	RANK IN SEC TOP 100 CORPORATIONS (based on gross revenues)	RANK IN BIR TOP 500 TAXPAYERS	2012 INCOME TAX DUE (in PHP)
House Technology Industries Pte., Ltd.	51	-	*
Shell Philippines Exploration B.V.	52	5	5,947,633,088.95
Samsung Electronics Philippines Corporation	53	261	95,323,527.60
Aboitiz Power Corp.	54	-	*
Rohm Electronics Philippines, Inc.	55	-	*
HGST Philippines Corp.	56	-	*
Therma Luzon, Inc.	57	-	*
SM Prime Holdings, Inc.	58	10	2,429,895,558.60
Megaworld Corporation	59	22	1,067,002,325.40
Maynilad Water Services, Inc.	60	-	*
Rizal Commercial Banking Corporation	61	184	140,970,384.76
Steelasia Manufacturing Corporation	62	-	*
Emperador Distillers, Inc.	63	11	1,787,034,556.20
Samsung Electro-Mechanics Philippines Corporation	64	-	*
Energy Development (EDC) Corporation	65	-	*
SM Development Corporation	66	-	*
Sanford Marketing Corp.	67	65	476,165,459.10
Epson Precision (Philippines), Inc.	68	-	*
Nidec Philippines Corporation	69	-	*
Amkor Technology Philippines, Inc.	70	-	*
Shin-Etsu Magnetics Philippines, Inc.	71	-	*
Manila Water Company, Inc.	72	13	1,609,778,338.30
Ayala Land Inc.	73	35	852,318,381.42
FGP Corp.	74	47	676,852,038.49
Union Bank of the Philippines	75	267	90,744,935.40
Nanox Philippines, Inc.	76	-	*
Digitel Mobile Phils., Inc.	77	176	146,481,461.32
Philippine National Bank	78	199	134,174,899.86
Semirara Mining Corporation	79	-	*
Pepsi-Cola Products Philippines, Inc.	80	139	184,291,317.00
Del Monte Philippines, Inc.	81	107	265,898,273.44
Citibank, N.A.	82	48	669,944,802.77
Honda Philippines, Inc.	83	379	61,846,984.50
Visayan Electric Company, Inc.	84	63	482,226,707.69
ABS-CBN Corporation	85	117	233,020,158.60
China Banking Corporation	86	246	100,531,346.99
Sun Life of Canada (Philippines), Inc.	87	-	*
SM Investments Corp.	88	214	122,775,251.80
Suy Sing Commercial Corp.	89	377	62,295,610.87
Makati Development Corporation	90	80	363,035,944.20
Convergys Philippines Services Corp.	91	-	*
Pru Life Insurance Corp. of U.K.	92	-	*
Aboitiz Renewables, Inc.	93	-	*
International Container Terminal Services, Inc.	94	66	471,730,978.03
Lafarge Republic, Inc.	95	28	1,020,485,808.54
Seaoil Philippines, Inc.	96	204	129,995,343.30
Insular Life Assurance Company Ltd., The	97	-	*
D.M. Consunji, Inc.	98	84	350,373,086.64
Hyundai Asia Resources, Inc.	99	114	234,618,093.60
Security Bank Corporation	100	77	381,804,814.91

*BIR did not release the 2012 income tax dues of corporations exceeding their Top 500 Non-Individual Taxpayers for Taxable Year 2012 Based on Income Tax Returns Filed.
** List of Top 100 SEC corporations is preliminary. Rankings are based on gross revenues per AFS filed with the SEC.
*** List of Top 500 from BIR website, list of Top 100 is from SEC.

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Source: Department of Finance. n.d. Republic of the Philippines, https://www.dof.gov.ph/advocacies/tax-watch/

APPENDIX 6

PART 2: ARE THE TOP 100 CORPORATIONS IN TERMS OF GROSS REVENUES ALSO TOP TAXPAYERS?

The Bureau of Internal Revenue released the list of Top 500 Non-Individual Taxpayers for Taxable Year 2012 Based on Income Tax Returns Filed. Comparing it with the preliminary list of the top 100 SEC corporations in the Philippines, only which companies and corporations made it to BIR's list? In last week's Tax Watch, the Department of Finance and the Bureau of Internal Revenue looked at the top 50 SEC Corporations. For this week, let us look at the bottom half of the list:

COMPANY	RANK IN SEC TOP 100 CORPORATIONS (based on gross revenues)	RANK IN BIR TOP 500 TAXPAYERS	2012 INCOME TAX DUE (in PHP)
House Technology Industries Pte., Ltd.	51	-	*
Shell Philippines Exploration B.V.	52	5	5,947,633,088.95
Samsung Electronics Philippines Corporation	53	261	95,323,527.60
Aboitiz Power Corp.	54	-	*
Rohm Electronics Philippines, Inc.	55	-	*
HGST Philippines Corp.	56	-	*
Therma Luzon, Inc.	57	-	*
SM Prime Holdings, Inc.	58	10	2,429,895,558.60
Megaworld Corporation	59	22	1,067,002,325.40
Maynilad Water Services, Inc.	60	-	*
Rizal Commercial Banking Corporation	61	184	140,970,384.76
Steelasia Manufacturing Corporation	62	-	*
Emperador Distillers, Inc.	63	11	1,787,034,556.20
Samsung Electro-Mechanics Philippines Corporation	64	-	*
Energy Development (EDC) Corporation	65	-	*
SM Development Corporation	66	-	*
Sanford Marketing Corp.	67	65	476,165,459.10
Epson Precision (Philippines), Inc.	68	-	*
Nidec Philippines Corporation	69	-	*
Amkor Technology Philippines, Inc.	70	-	*
Shin-Etsu Magnetics Philippines, Inc.	71	-	*
Manila Water Company, Inc.	72	13	1,609,778,338.30
Ayala Land Inc.	73	35	852,318,381.42
FGP Corp.	74	47	676,852,038.49
Union Bank of the Philippines	75	267	90,744,935.40
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Seaoil Philippines, Inc.	96	204	129,995,343.30
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Source: Department of Finance. n.d. Republic of the Philippines, https://www.dof.gov.ph/advocacies/tax-watch/

APPENDIX 7

Richest People in the World 2023

The fortunes of the world's super-rich sank $10T last year—the largest drop in over a decade.
Here are the richest people in the world in 2023.

Top 10 Overall

1	2	3	4	5	6	7	8	9	10
Bernard **Arnault & family**	Elon **Musk**	Jeff **Bezos**	Larry **Ellison**	Warren **Buffett**	Bill **Gates**	Carlos Slim **Helu & family**	Mukesh **Ambani**	Steve **Ballmer**	Françoise Bettencourt **Meyers & family**
$201.8B	$190.8B	$116.7B	$113.2B	$106.0B	$104.9B	$89.7B	$84.1B	$80.9B	$78.7B

1. Bernard Arnault
Bernard Arnault is at the helm of LVMH—home to Louis Vuitton, Christian Dior, and Dom Pérignon.

2. Elon Musk
After losing almost $200B in 2022, Elon Musk has seen Tesla shares skyrocket roughly 74% this year.

Top 10 Women

1	2	3	4	5	6	7	8	9	10
Françoise Bettencourt **Meyers & family**	Julia **Koch & family**	Alice **Walton**	Jacqueline **Mars**	Miriam **Adelson & Family**	Gina **Rinehart**	Susanne **Klatten**	MacKenzie **Scott**	Iris **Fontbona & Family**	Abigail **Johnson**
$78.7B	$59.0B	$58.9B	$38.3B	$35.0B	$29.0B	$26.9B	$25.2B	$22.1B	$21.6B

1. Françoise Bettencourt Meyers
L'Oréal billionaire, Françoise Bettencourt Meyers owns a 35% stake in the company—more than any other shareholder.

4. Jacqueline Mars
Jacqueline Mars is a major shareholder of the largest candy company in the world, Mars Inc.

Top 10 in China

1	2	3	4	5	6	7	8	9	10
Zhong Shanshan	**Zhang** Yiming	**Ma** Huateng	Colin **Zheng Huang**	William **Lei Ding**	**He** Xiangjian & family	Jack **Ma**	**Wang** Wei	**Wang** Chuanfu	**Qin** Yinglin
$67.1B	$49.5B	$37.1B	$29.5B	$25.5B	$24.1B	$23.1B	$21.9B	$20.6B	$20.0B

1. Zhong Shanshan
Known as the king of bottled water, Zhong Shanshan became the richest in China in 2021.

2. Zhang Yiming
TikTok—whose parent company ByteDance was founded by Zhang Yiming—has surpassed 3B app downloads.

Top 10 in India

1	2	3	4	5	6	7	8	9	10
Mukesh **Ambani**	Gautam **Adani**	Shiv **Nadar**	Cyrus **Poonawalla**	Lakshmi **Mittal**	Savitri **Jindal & family**	Radhakishan **Damani**	Dilip **Shanghvi**	Kumar **Birla**	Sunil **Mittal & family**
$84.1B	$35.3B	$25.0B	$19.0B	$17.3B	$16.2B	$15.6B	$15.3B	$14.0B	$13.9B

1. Mukesh Ambani
The richest person in Asia, Mukesh Ambani, runs the largest company by market value in India, Reliance Industries.

2. Gautam Adani
Gautam Adani lost roughly $50B in a week after claims of fraud and stock manipulation. Credit Suisse has since stopped accepting his company's bonds as collateral.

Top 10 in Tech

1	2	3	4	5	6	7	8	9	10
Jeff **Bezos**	Larry **Ellison**	Bill **Gates**	Steve **Ballmer**	Larry **Page**	Sergey **Brin**	Michael **Dell**	**Ma** Huateng	Colin **Zheng Huang**	William **Lei Ding**
$116.7B	$113.2B	$104.9B	$80.9B	$77.9B	$74.8B	$51.1B	$37.1B	$29.5B	$25.5B

2. Larry Ellison
Larry Ellison founded software giant, Oracle whose first contract was for the CIA.

8. Ma Huateng
Internet titan Ma Huateng runs Tencent, China's largest company by market cap.

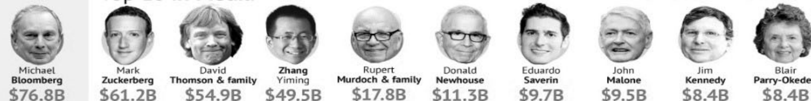
Top 10 in Finance

1	2	3	4	5	6	7	8	9	10
Warren **Buffett**	Ken **Griffin**	Jeff **Yass**	Jim **Simons**	Stephen **Schwarzman**	Thomas **Peterffy**	R. Budi **Hartono**	Abigail **Johnson**	Ray **Dalio**	Carl **Icahn**
$106.0B	$32.6B	$30.0B	$28.1B	$28.1B	$27.0B	$25.2B	$21.6B	$19.1B	$18.6B

1. Warren Buffett
Warren Buffett's firm Berkshire Hathaway posted a record $30.8B operating profit in 2022.

9. Ray Dalio
Ray Dalio founded Bridgewater Associates in 1975. Valued at $138B, it's the largest hedge fund in the world.

Top 10 in Media



1	2	3	4	5	6	7	8	9	10
Michael **Bloomberg**	Mark **Zuckerberg**	David **Thomson & family**	**Zhang** Yiming	Rupert **Murdoch & family**	Donald **Newhouse**	Eduardo **Saverin**	John **Malone**	Jim **Kennedy**	Blair **Parry-Okeden**
$76.8B	$61.2B	$54.9B	$49.5B	$17.8B	$11.3B	$9.7B	$9.5B	$8.4B	$8.4B

1. Michael Bloomberg
When Michael Bloomberg ran for New York City mayor in 2001, his net worth stood at $4B.

5. Rupert Murdoch
At age 91, media tycoon Rupert Murdoch owns the Wall Street Journal, Fox News, and book publisher HarperCollins.

Top 10 in Sports

1	2	3	4	5	6	7	8	9	10
Jerry **Jones**	Stanley **Kroenke**	Robert **Kraft**	Arthur **Blank**	Stephen **Bisciotti**	Denise **York & family**	Janice **McNair**	Dan **Snyder**	Gayle **Benson**	Jeffrey **Lurie & family**
$13.6B	$12.9B	$10.6B	$7.7B	$6.4B	$5.1B	$5.0B	$4.9B	$4.7B	$4.4B

1. Jerry Jones
When Jerry Jones bought the Dallas Cowboys in 1989 for $140M it was a money-losing team. It has since become the most valuable in the NFL, worth $8B.

6. Denise York
Denise York is co-chairman of the San Fransisco 49ers.

Net worths as of February 27, 2023
Sources: Forbes, Knight Frank, Bloomberg, Sensor Tower, NPR, Reuters, Business Insider, CNBC, NY Magazine, Financial Times, The Guardian, Dallas News

Source: Neufeld, Dorothy. 2022. Visual Capitalist, 29 March 2022, https://www.visualcapitalist.com/richest-people-in-the-world-2022/

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