

We Need Fewer Billionaires

by Fr. John S. Rausch

Last August 40 U.S. billionaires pledged to give at least half of their wealth to charity during their lifetime or after death. The campaign called “The Giving Pledge,” was launched by Warren Buffett and Bill Gates to inspire more and smarter philanthropy for the future. Many non-profits hurt by the current recession would gladly receive these private stimulus funds to continue their work with education, the environment, health and the arts. However, what seems like an unruffled gesture of giving, actually hides a few wrinkles: some of this money could be forthcoming, but much could take years to distribute.

The whole plan depends on convincing individual billionaires to join the campaign. Buffett and Gates together phoned 70 to 80 of America’s wealthiest individuals to recruit their total of 40. Some who declined to sign the pledge preferred to keep their philanthropy anonymous, though a stronger popular witness might have encouraged more reluctant folks to join the pledgers. Some were unavailable to talk and some were just plain uninterested. While 40 pledges appear newsworthy, *Forbes* magazine lists 403 U.S. billionaires in its March, 2010 issue.

In reviewing the list of pledgers, Stacy Palmer, editor of *The Chronicle of Philanthropy*, noted that many of the names are people who are already known for their giving. She hopes the witness of the 40 billionaires will influence millionaires and people of even lesser means to share a portion of their wealth.

Finally, with the voluntary nature of the campaign, Pablo Eisenberg of Georgetown University asks whether the money will benefit those most in need in our society. Eisenberg notes that the wealthy tend to donate to the larger institutions, such as universities, hospitals and the arts, rather than to small non-profits that house the homeless, counsel the addicted and socialize released prisoners. Accountability for the common good, not promoting a pet project, should be the moral consideration when evaluating the plan.

With a total of only 1,011 billionaires in the world, society stands in awe of them. Yet, not everyone invented a better mousetrap. Most billionaires attained their status through finance, insurance or real estate, through building an expansive conglomerate or exploiting new technology. They knew how to work the system, manipulate finances and cut deals to the disadvantage of their competitors—many times legally—but still as an exercise of power in the marketplace. By creating billionaires, neo-liberal policies concentrated wealth in the hands of fewer people contributing to the deepening of inequality in society.

Robert Reich, former Secretary of Labor, attributes much of the structural reason for the current “Great Recession” less to debt than to inequality. In 1928 the richest 1 percent of Americans received 23.9 percent of the nation’s total income. During the era of prosperity following WW II—with the G.I. Bill, rising wages and union power—the top 1 percent received only 8 to 9 percent of the national income by the late 1970s. However, in the past 30 years stagnant wages caused by dismantling workers’ bargaining power, globalization, deregulation and privatization together with tax breaks for the wealthy moved the richest 1 percent back to 23.5 percent of the national income. Too

much concentration for the wealthy means too little purchasing power for the rest to buy what the economy is capable of producing, i.e. less demand means fewer new jobs.

People of faith recognize all wealth has a social mortgage, a lien that is payable to the common good. Only appropriate tax laws, and not simply voluntary actions, will promote justice for the least in society.