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POLICY BRIEF

Revisiting the Proposal for a Wealth Tax

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Over the past three decades, more than a dozen developed nations have abandoned their wealth taxes. Yet the United States today finds itself in the midst of a political debate about implementing a wealth tax to partially fund the spending commitments of progressive presidential hopefuls. The debate has involved constitutionality, estimates of potential revenues, and the economic impacts that such a wealth tax would have if implemented in the United States.[1] The main argument for a proposed wealth tax also rests on a growing concern with the unequal distribution of wealth.

In light of these developments, we evaluate the proposal for a progressive wealth tax and the potential outcomes of such a policy if implemented in the United States. First, we assess the reliability of wealth distribution findings of Berkeley economists Emmanuel Saez and Gabriel Zucman by reviewing the available data and existing literature. Second, we calculate a range of estimates for how much revenue such a tax could feasibly raise in light of the calculations by Saez and Zucman. Lastly, we evaluate the experiences of countries that have previously implemented such tax policies and assess why several countries have abandoned wealth taxes in recent years and decades. In sum, we find that the claim that implementing a wealth tax in the United States will be beneficial is largely unfounded and that doing so may actually lead to worsening economic conditions for most Americans. In addition, the underlying data behind recent calls for a wealth tax significantly overestimate the share of wealth held by the richest 1 percent.

In the midst of the economic recovery from the Great Recession, French economist Thomas Piketty published his widely influential book *Capital in the Twenty-First Century*.[2] The central thesis of his book is that the high return on capital (in relation to economic growth) leads to an unequal distribution of wealth, which has been shown in recent decades, with the share of wealth held by

the richest 1 percent growing significantly. Piketty calls for a progressive wealth tax to improve the unequal distribution of wealth. These findings triggered a series of studies observing trends in the distribution of wealth over time, with economists such as Saez and Zucman supporting the hypothesis of Piketty.[3]

Their findings have had a noticeable impact on the American debate over inequality, with presidential contenders placing this wealth and income inequality data at the heart of their election campaigns in 2016.[4] In the run-up to the 2020 presidential election campaign, this debate has only gained greater momentum, with candidates not only making this issue the center of their bid for the White House, but now proactively drawing up plans for implementing a progressive wealth tax if elected.[5]

CALCULATING THE DISTRIBUTION OF WEALTH

In their estimation of wealth inequality in the United States over the past century, Saez and Zucman adopt the capitalization method, which measures the distribution of wealth over time using income tax datasets.[6] The authors find that the top 1 percent of earners in the United States hold 42 percent of the nation's total wealth. One problem with the capitalization method is that some categories of assets do not generate capital income that appears on tax returns. 401(k)s and IRAs do not generate taxable income as the funds grow over time, nor do owner-occupied homes generate taxable capital income as home values appreciate. Under the capitalization method, growth in asset wealth not reported as capital income on tax returns has to be imputed based on other (and perhaps unreliable) information. Further, this method of measuring wealth distribution does not recognize gains in the stock of equity wealth until capital gains have been realized. Large gains realized after explosive growth in equity value represent extraordinary rates of return. However, under the capitalization method, these gains would be interpreted as a normal rate of return, leading to a significant overestimation of the underlying capital stock of wealth.[7] A recent study by Matthew Smith, Owen Zidar, and Eric Zwick corrects Saez and Zucman's faulty assumptions about the rates of return used to estimate asset values and finds that the share of wealth held by the top 1 percent has risen by only half as much as Saez and Zucman claim. Their study reveals that the share of wealth held by the top 1 percent rose from 21.2 percent in 1980 to 28.7 percent in 2014.[8]

The capitalization method of measuring the trend in the distribution of wealth is also out of sync with the data estimates from both the Survey of Consumer Finances and the estate tax method. Estate tax data reflect little to no change in the share of total wealth held by the top 1 over the past 30 years, while the capitalization method finds a significant rise over the same period.[9] While the capitalization method likely results in an overestimate, estate tax data (which include mortality data) may actually bias estimates downward as a result of tax avoidance and evasion as well as mortality differences along the wealth distribution.

In order to determine whether the aforementioned issues with the Saez and Zucman methodology have resulted in an overestimation of wealth inequality, one needs to compare their claim, that 1 percent of the population holds 42 percent of total wealth, with the available data. The Federal Reserve (Fed) provides a quarterly measure of the distribution of US household wealth since 1989 based on comprehensive integration of disaggregated household-level wealth with official aggregate wealth measures. The Fed data, known as the Distributional Financial Accounts (DFA) data, show that the share of wealth held by the top 1 percent has grown from 21 percent in 1989 to 29 percent in 2018.[10] These data suggest that Saez and Zucman overestimated the total wealth held by the top 1 percent by as much as 13 percentage points (29 percent vs 42 percent).

A Brookings Institution study from 2016 uses administrative tax records and the Survey of Consumer Finances (SCF) household survey data to calculate the share of wealth held by the top 1 percent. Overall, the authors of this study find that the top share estimates show much lower and less rapidly increasing top shares than the widely cited values from the Saez and Zucman and Piketty and Saez studies.[11] Rather than showing dramatic growth from about 28 percent in 1992 to 42 percent in 2013, estimates using administrative tax records and household survey data suggest that "the top 1 percent's share of wealth has grown considerably less, from about 27 percent in 1992 to about 33 percent in 2013."[12] The 33 percent figure is much closer to the latest DFA data than the estimates of Saez and Zucman.

A recently published study by New York University economists contains a macroeconomic model using various distinct wealth accumulation factors. The analysis covers three critical factors driving wealth accumulation: a skewed distribution of earnings, differential savings and bequest rates across wealth levels, and capital income risk in entrepreneurial activities. Similar to the findings of the Brookings Institution study, the authors find that the top 1 percent of households in the United States hold 33.6 percent of the wealth.[13] Another study estimates the distribution of wealth held by the top 1 percent by attempting to reduce the survey differential nonresponse bias. This is a bias caused by richer households having lower response rates than poorer households to financial survey data collection methods. Using this method, the authors estimate that the top 1 percent of US households hold around one-third of total household wealth.[14]

One final study that estimates the share of wealth held by the top percentile combines data from the Financial Accounts of the United States with the SCF to incorporate distributional information into a national accounting framework. Estimates for the net share of wealth held by the top 1 percent show a baseline figure of 29.9 percent for the period 2010–2018, while an estimate that accounts for sampling variability comes up with a figure of 31 percent for 2016.[15] The range of estimates resulting from several studies on the distribution of wealth and latest available data consistently show that around one-third (29 percent to 33 percent) of total wealth is held by the top 1 percent. This is noticeably below the estimated findings (42 percent) in the Saez and Zucman study, which seems to represent a significant overestimate of the unequal distribution of wealth in the United States.

What's more, the underlying argument that wealth inequality is economically bad is not a definitive conclusion from the existing literature. MIT economist Kristin Forbes uses a panel estimation study to examine the relationship between economic inequality and economic growth.[16] Her results suggest that in the short and medium term, a country's level of income inequality has a significant positive relationship with subsequent economic growth. Another study that involves a multiscale analysis of the relationship between income inequality and well-being finds similar results to those of Forbes.[17] The authors of that study find that across US states, less inequality is associated with less subjective well-being. This doesn't necessarily mean that lower inequality causes reduced well-being—it could mean that factors that reduce inequality might also negatively affect well-being. On the broader societal impacts of inequality, German economists Giacomo Corneo and Frank Neher examine survey data from all 34 Organisation for Economic Co-operation and Development (OECD) countries over 30 years. They find no effect of inequality on honesty, altruism, or civic-mindedness, very little effect on obedience or tolerance, and a positive effect on work ethic.[18] In most cases, no robust effects of inequality on values are detected.

THE NECESSITY OF ANNUAL VALUATIONS

One of the key concerns with an annually applied wealth tax is the necessity of annual valuations. Such administrative assessments could prove complicated and costly, and they may induce wealthy individuals to pursue avoidance strategies to deflate the value of their total wealth. Tax officials may find difficulty in determining the value of taxed assets, such as closely held businesses, which are rarely valued. A Brookings Institution article notes that placing even a roughly plausible valuation on closely held businesses would be a formidable challenge—an optimistic or pessimistic valuation could place very different values on the same business.[19]

While the values of traditionally assessed assets, such as stocks, bonds, and real estate, are relatively easy to measure, many other assets such as cryptocurrencies, trusts, and private businesses are much harder to assess. A wealth tax will require taxpayers to report the value of these nontraditional assets, such as jewelry, artwork, vehicles, life insurance policies, farm assets, and household furnishing, which have no "ready" market value. As Chris Edwards at the Cato Institute explains, "Valuations of assets change over time, so a large industry of accountants would be needed to prepare regular valuations for tax returns."[20] One advantage of an income tax is that it doesn't apply to unrealized appreciation of key personal assets such as artwork. This method of taxation is broadly successful because it doesn't require multiple and costly valuations and taxpayers are not required to borrow or sell their assets to pay these taxes. The most recent proposal by Saez and Zucman suggests a national wealth tax with a rate of 2 percent above $50 million ($50 million exemption) and an additional 1 percent surcharge above $1 billion.[21] University of Chicago legal scholar Richard Epstein calculates that the administrative cost of applying a 2 percent wealth tax on a person with a net worth of $55 million would almost certainly surpass the $100,000 the

tax would raise in revenue.[22] Epstein also notes that determining which households have assets exceeding $50 million would expand administrative costs even further.

Advocates of the wealth tax need to seriously consider potential valuation problems and the huge administrative costs that will result from annual assessment. A survey of economic experts conducted by the University of Chicago finds that 73 percent of economists believe that recent proposals for a wealth tax would be much more difficult to enforce than existing federal taxes because of valuation and underreporting.[23]

HOW MUCH WOULD A WEALTH TAX RAISE IN THE UNITED STATES?

The wealth of individuals is not simply hoarded by the top 1 percent, nor is it entirely spent on luxury consumption. Much of this wealth is invested in companies; it is used to fund R&D that will create better goods and services for consumers; it is the capital that innovators and producers borrow from banks to grow their businesses. Yet proponents of a wealth tax will argue that the wealthy are hoarding all of this wealth. Research by Nobel laureate William Nordhaus shows that successful entrepreneurial innovators in the United States during the second half of the 20th century personally captured, on average, a mere 2 percent of the social value of their innovations; competition obliged them to share 98 percent of the value with others, particularly workers and consumers. By channeling money into productive investments, the wealthiest create new products, improving workers' wages and driving down consumer prices. A wealth tax would lessen these incentives to save and invest, and instead it would encourage the wealthy to dissipate their wealth on consumption and short-term interests. In a 2018 report on the role and design of net wealth taxes, the OECD noted how taxation of normal returns distorts the timing of consumption and decision to save.[24] Shifts in incentives away from long-term saving and investment would have serious adverse repercussions for economic growth by suppressing the capital stock.[25]

Using three different datasets, Saez and Zucman estimate that taxing wealth at a rate of 2 percent above $50 million and with an additional 1 percent surcharge above $1 billion would raise $250 billion (1 percent of GDP in 2019)—or $212 billion, accounting for a 15 percent tax avoidance and evasion rate—in the first year and $2.75 trillion over a decade.[26] To form a more realistic estimate of potential revenues, the authors assume a largely arbitrary tax avoidance and evasion rate of 15 percent. Assuming that the remaining 85 percent of wealth above the $50 million threshold is taxed, the authors figure that the tax will raise $212 billion, or 1 percent of GDP, in 2019. However, these estimates were quickly criticized by Harvard economist Lawrence Summers and University of Pennsylvania professor of finance Natasha Sarin for underestimating rates of avoidance and evasion. Summers and Sarin argue that the assumption of a 15 percent avoidance and evasion rate is overly optimistic and instead estimate their own revenue calculations based on a 90 percent rate of avoidance and evasion.[27] The authors conclude that a wealth tax as proposed by Saez and Zuc-

man would raise just $25 billion a year—these estimates are largely based on IRS revenue data on the estate tax, which the authors use as a rough proxy for the proposed wealth tax.

While the underlying tax avoidance and evasion estimates in the Saez and Zucman calculations seem too low and largely arbitrary, the estimates by Summers and Sarin may overestimate the rate of noncompliance or underreporting of declared wealth. To calculate a more realistic range of estimates, one can use available elasticity data from countries that currently have or have previously implemented a wealth tax. Swedish economist David Seim addresses the behavioral effects of Sweden's marginal wealth tax of 1.5 percent using administrative data over the period 1996 to 2006.[28] One study by Seim exploits the variation induced by movements of the tax threshold over time and finds that higher tax rates lead to more tax avoidance and evasion than Saez and Zucman assume.[29]

Switzerland is one of only a few countries that still has a wealth tax in operation. One study uses aggregate data on wealth holdings at the Swiss canton level to study the effects of wealth taxation on reported wealth.[30] The authors find that a 1 percentage point rise in wealth tax rates leads to a reduction in declared wealth holdings of 34.5 percent.[31] Based on similar calculations with US data, a 2 percent wealth tax, as proposed by progressive academics, would raise about $77.5 billion per year or 31 percent of the $250 billion estimate of what a wealth tax would yield if all wealth were reported and no tax avoidance were to occur.[32]

The overestimate of potential revenues from the proposed wealth tax is evidently out of sync with the experiences of other countries that have implemented such taxes. The $212 billion revenues estimated by Saez and Zucman represent around 6 percent of federal government revenues. By comparison, Switzerland raises 3.3 percent of its revenues from a wealth tax, Luxembourg raises 1.6 percent, and Norway raises 1.1 percent—replicated in the United States, such percentages would represent tax revenues of $40–120 billion.[33]

A second study on wealth taxation in Sweden assesses the history and evolution of tax rates and revenues over the decades from 1911 until the tax was abolished in 2007.[34] In the postwar period, aggregate wealth tax revenues were small, they never exceeded 0.4 percent of GDP, and they amounted to just 0.16 percent of GDP in 2006, before the abolition of the wealth tax. Top tax rates for the Swedish wealth tax varied over time from as little as 1.5 percent in the 1990s to as high as 4 percent in the 1980s, yet tax revenues fluctuated very little. In fact, from the early 1970s until 2006, wealth tax revenues averaged just 0.2 percent of GDP, while wealth tax revenue as a percentage of total tax revenue varied from 0.5 percent to 1.0 percent. Real wealth tax revenues collected in Sweden over a period of almost a century were around one-fifth as large as estimated revenues projected for the United States by Saez and Zucman.

A recently published study that evaluates the potential impact of a progressive wealth tax in the United States also provides estimated projections for potential tax revenue.[35] The study uses an

overlapping-generations model and finds somewhat higher estimates for revenue than previously mentioned studies, although still below the projections of Saez and Zucman and Summers and Sarin. The authors find that 0.63 percent of GDP, or about $130 billion, would be raised in the first year after implementing a wealth tax as proposed by Saez and Zucman. However, these revenues would decline over time as the wealth distribution would grow less concentrated, leading to a 19 percent decline in revenues over a decade, and in the long run revenues would fall by 50 to 60 percent. While these revenue estimates are higher than most of the other studies we have reviewed, estimates for a decade amount to around $1.2 trillion, which is still less than half the projected revenue estimated by Saez and Zucman.

Taking into account the range of revenue estimates from the aforementioned studies, it seems that the estimates of Summers and Sarin may be unrealistically low owing to assumptions of 90 percent avoidance and evasion rates. However, the range of estimates also reveals that the calculations of Saez and Zucman are vastly overestimating potential revenues. The range of annual revenue estimates that we have explored vary from a low end of $40 billion to a high end of $130 billion. The mean value of this range of estimates is just over $88 billion, or around 0.4 percent of GDP in 2019. This is largely in line with much of the existing literature and represents a more feasible estimate than that of Saez and Zucman.

The Tax Foundation produces an annual summary of the latest federal income tax data to measure the progressivity of the federal income tax system in the United States. The latest available data show that the share of total income tax revenues paid by the top 1 percent is around 37 percent and that the share paid by the bottom 75 percent is 14 percent. These data represent the progressivity of the American income tax system, but one can also apply the estimated wealth tax revenue to the income tax data to reflect how such a tax would change this pattern. An additional $88 billion dollars contributed by those in the top 1 percent would represent a slight increase in the share paid by the top 1 percent, from 37.3 percent to 39.7 percent of revenues. Not only is the American tax system already very progressive with the highest earners and wealthiest households bearing the highest burden of tax, but a wealth tax would do very little to change these dynamics in either direction.

MACROECONOMIC EFFECTS OF A WEALTH TAX AND WHY COUNTRIES HAVE ABANDONED IT

Over the past century, 15 European countries have implemented a wealth tax of some form. However, today only three of those countries still have wealth taxes in place. In 2004 the French Institut de l'Enterprise investigated why so many European countries were eliminating their wealth taxes.[36] The authors of this investigation conclude with the following observations: (1) Wealth taxes contribute to capital drain, promoting the flight of capital as well as discouraging investors from coming in; (2) the complexity of a wealth tax is such that a large number of civil servants is required to administer the tax, when it rarely yields more than 1 percent of total tax income in

most countries; and (3) wealth taxes distort resource allocation, particularly because of certain exemptions and unequal valuation of assets. In sum, the institute concludes that the "wealth tax is not as equitable as it appears."[37]

Often held in high regard as a model country by progressive economists and politicians, Sweden had a wealth tax for almost a century before eliminating the tax in 2007. When the Swedish government abolished the wealth tax in 2007, it was said to have had "virtually no effect" on government finances, but it had been blamed for years for the massive capital flight from the country.[38] The motives for scrapping the Swedish wealth tax included an attempt to boost the country's low level of investment, encourage entrepreneurial activity, and boost employment. Low levels of revenue and capital flight are two common themes among countries that have chosen to eliminate their wealth taxes—in the year that Sweden abolished its wealth tax, revenue from the tax amounted to just 0.16 percent of GDP.[39]

In 2017, France repealed its wealth tax as well, replacing it with an estate tax. Implemented in 1988, the Impôt de Solidarité sur la Fortune (ISF) (Solidarity Wealth Tax) yielded about 1.5 percent of total tax revenue in most years of its existence. However, an analysis of the economic consequences of the tax finds that not only did the tax raise very little revenue (around 1.5 percent of total revenue), but from the tax's inception until 2006, France lost around €200 billion to capital flight every year.[40] The ISF is calculated to have caused an annual fiscal shortfall of €7 billion, or around double the amount that the tax yielded in revenue.[41] In addition, the ISF probably reduced GDP growth by 0.2 percent per annum and impoverished France by shifting the tax burden from wealthy taxpayers leaving the country onto other taxpayers.[42] According to a report by New World Wealth, which provides analysis on the global wealth sector, around 10,000 millionaires left France in 2015 alone, 7,000 of those from the city of Paris, representing a flight of roughly 6 percent of the city's millionaires.[43]

Until 1996, Germany also had a tax on wealth, until it was eliminated after being ruled unconstitutional because of the variation in valuation practices. Similar to the case of Sweden, the elimination of the wealth tax had little impact on government finances, as the tax raised only 0.8 percent of total revenues.[44] A recent study by German economists assesses the economic and fiscal consequences of a hypothetical reintroduction of a wealth tax in Germany and estimates expected revenues.[45] The authors of the study assume a baseline wealth tax rate equal to 0.8 percent (significantly lower than the one proposed in the United States) and find that, no matter what form it takes, it would have a noticeable adverse effect on economic activity in Germany. Specifically, annual GDP growth would decline by 0.33 percent, production would decline by 5 percent, and investment would decline by 10 percent. In addition, the reintroduction of a wealth tax would reduce employment by 2 percent and lower total tax revenue by €31.4 billion in the long run. This analysis demonstrates three things in particular: First, a wealth tax can have a noticeable adverse impact on economic activity; second, the burden of a wealth tax is borne particularly by those not

in the top 1 percent; and third, wealth taxes can actually lead to lower total revenues because of their depressive effects on labor income taxes and sales taxes.

One European country that had plans to adopt a wealth tax but decided against it is the United Kingdom. In the 1974 general election the Labour Party published a pledge in its manifesto to "introduce an annual Wealth Tax on the rich; bring in a new tax on major transfers of personal wealth; heavily tax speculation in property – including a new tax on property companies."[46] However, upon winning the election, the Labour government quickly realized that implementing a wealth tax may not be as equitable as previously believed. One of the key factors in dissuading policymakers from implementing the wealth tax in the United Kingdom was the cost of compliance and administration that comes with regular valuations. These problems were documented by the Institute for Fiscal Studies, which found that a wealth tax cannot provide fully comprehensive coverage and precise valuation and that cost and complexity also appear to have been important factors influencing wealth tax abolition in Austria and the Netherlands.[47] For these reasons the Labour government, after promising to implement a wealth tax, realized that the costs of administering such a tax would not be worth the political hassle. In 1989, former Chancellor of the Exchequer Denus Healey argued that people should never commit themselves to new taxes unless they have a very good idea how they will operate in practice. Healey reflected, "We had committed ourselves to a wealth tax; but in five years I found it impossible to draft one which would yield enough revenue to be worth the administrative cost and the political hassle."[48]

In assessing the macroeconomic effects of a wealth tax in the United States, the Tax Foundation applied its taxes and growth model to the wealth tax advocated by Thomas Piketty.[49] The wealth tax proposed by Piketty is more broad based than the one proposed by Saez and Zucman, with tax rates of 1 percent on net worth greater than $1.3 million and 2 percent on net worth greater than $6.5 million. Considering that this proposal has a broader tax base, one could expect significantly larger revenue projections than those estimated under the Saez and Zucman plan. The Tax Foundation model calculates that Piketty's wealth tax proposal would depress capital stock by 13.3 percent, decrease wages by 4.2 percent, eliminate almost 900,000 jobs, and reduce GDP by 4.9 percent, or about $800 billion, all for an additional static revenue of $217 billion. If one takes into account the negative feedback from the smaller and weaker economy, the actual revenue gain would be just $18 billion. Most importantly, most of the studies on revenue estimates that we have assessed do not account for the potential loss in capital, GDP growth, and employment that may result from a wealth tax. If one uses the estimated actual revenue gain, these figures are significantly lower than those projected by Saez and Zucman, especially once one accounts for the fact that the tax base in this particular model is significantly larger.

To get a more accurate projection of the potential macroeconomic effects on the United States of the wealth tax proposed by Saez and Zucman, two University of Toronto economists studied the impact of a progressive wealth tax based the proposal. The study breaks down their findings into

two potential scenarios: one where wealth remains onshore and entrepreneurs continue to use it to finance their capital expenditures, and one where households shift a fraction of their taxable wealth offshore, removing it from domestic production. The more optimistic (onshore wealth) assumption predicts no short-run macroeconomic effects, but in the long run GDP falls by 0.63 percent and wages fall by 0.43 percent. Moreover, with the less optimistic assumption, output and wages fall immediately by 0.48 percent; in the long run, GDP falls by 0.9 percent, and wages fall by 0.56 percent. In fact, the long-run drop in labor income resulting from the wealth tax is larger than the transfer received for many households,[50] so many households' welfare falls in the long run as a result of the wealth tax. Judging by the significant capital flight experienced by countries with wealth taxes, the second scenario in this study seems to be more plausible. In fact, a report by the International Monetary Fund finds that "the design of wealth taxes is notoriously prone to lobbying and the granting of exemptions that the wealthiest can exploit. Furthermore, the rich have proved adept at avoiding or evading taxes by placing their wealth abroad in low tax jurisdictions."[51]

CONCLUDING REMARKS

New calls for a wealth tax in the United States come at time when most countries with wealth taxes have repealed them owing to administrative costs,[52] lack of revenue, and capital flight. Proponents of wealth taxes have largely overestimated the unequal concentration of wealth in the United States, with the share of wealth being held by the top 1 percent being 9 to 13 percentage points less than the estimates of Saez and Zucman. The same proponents of a wealth tax also significantly overestimate the potential revenue that such a tax could raise in the United States. Assuming no macroeconomic impacts, the proposed wealth tax could raise around $88 billion in its first year—far below the $212 billion estimate by Saez and Zucman, and not nearly enough to cover a fraction of the spending proposals by some presidential candidates.[53]

Experience from countries that have implemented wealth taxes provides some key lessons: (1) Wealth taxes lower capital stock by encouraging the flight of capital and discouraging investors from coming in; (2) high administrative costs of regular valuations can reduce net revenue so much that wealth taxes rarely yield more than 0.2 percent of GDP; and (3) the macroeconomic effects of implementing wealth taxes often result in reduced economic growth rates and lower wages, which in turn depress tax revenues even further while lowering the welfare of many households.[54] In sum, the claim that implementing a wealth tax in the United States will be beneficial is largely unfounded, and doing so may actually lead to worsening economic conditions for most Americans.

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50. It is important to define what is meant by the term "transfer." Senator Elizabeth Warren has pledged to spend revenues raised from a wealth tax on new government programs including universal child care, universal prekindergarten, free tuition for public technical colleges, student loan forgiveness for 95 percent of students with loan debt, and Medicare for All. This spending of wealth tax revenues is what we refer to here as a transfer.

51. James Brumby and Michael Keen, "Game-Changers and Whistle-Blowers: Taxing Wealth," *IMFBlog*, February 13, 2018.

52. Twelve countries had wealth taxes in 1990, and only three countries had a wealth tax in 2018. Organisation for Economic Co-operation and Development, *The Role and Design of Net Wealth Taxes in the OECD*.

53. Robert Farley, "Facts on Warren's Wealth Tax Plan," *FactCheck*, June 25, 2019.

54. This is the case for Eurozone countries that have or have had wealth taxes. These include Austria, Denmark, Finland, Germany, the Netherlands, Spain, and Sweden. France averaged 0.22 percent of GDP. Organisation for Economic Co-operation and Development, "Revenue Statistics - OECD Countries: Comparative Tables" (dataset), accessed November 14, 2019, https://stats.oecd.org/Index.aspx?DataSetCode=REV.