

A Country With No Billionaires? That Would Be Like Cuba – but Without the Sun



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A USA with no billionaires – that’s exactly what Bernie Sanders was the first to call for. He championed the idea in his book *It's OK To Be Angry About Capitalism*. And the idea is gaining traction, not only in the United States but in other countries, too. In Germany, the head of the youth wing of the governing SPD party recently said: “I don’t want any billionaires in Germany.”

Take a look at the latest billionaire rankings from Forbes or Bloomberg and you’ll quickly see which countries have no billionaires. The list includes either very poor countries like Haiti, Afghanistan, Yemen, Eritrea, and South Sudan, or countries that are both poor and communist, such as Cuba and North Korea.

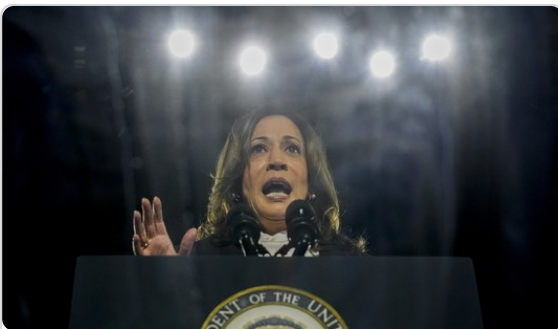
In terms of population, countries such as Monaco, Singapore, and Switzerland have the highest proportions of billionaires, with Sweden also very high in the billionaire rankings (43 billionaires in a country with only ten million inhabitants). If the USA had the same density of billionaires as Sweden, it would have over 1,400 billionaires. In reality, however, it has just over 800. Anyone who says that their country should have no billionaires is basically calling for their country to become more like Cuba or Haiti – only without as much sun. And definitely not like Sweden or Switzerland.

Is it a coincidence that there are more billionaires in wealthy countries? Of course not. As the Forbes list of the world’s wealthiest individuals shows, most billionaires are successful entrepreneurs. Elon Musk became rich as an entrepreneur with PayPal, Tesla, Space X, and other companies, Jeff Bezos

with Amazon, Larry Ellison with Oracle, Bill Gates with Microsoft, Larry Page and Sergey Brin with Google, Mark Zuckerberg with Facebook, and so on.

When a country escapes poverty, the number of billionaires in that country increases, even in a supposedly communist country such as China. In the Mao era, there was not a single billionaire in China. Between 1958 and 1962, 45 million Chinese starved to death during the biggest socialist experiment in human history, Mao's 'Great Leap Forward.' In 1981, 88 percent of the Chinese population were still living in extreme poverty. Then Deng Xiaoping introduced private property rights and market economy reforms, proclaiming: "Let some people get rich first!" Today, only the USA has more billionaires than China. In the same period, the number of extremely poor people in China fell from 88 percent to less than one percent. As I prove in my book *[In Defense of Capitalism](#)*, the cause of declining poverty and the rising number of billionaires is the same: economic growth.

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So, what do anti-capitalists have against billionaires? They cling to the belief that life is a zero-sum game, as classically formulated by the poet Bertolt Brecht: "Said the poor man with a twitch: Were I not poor, you wouldn't be rich."

This is how anti-capitalists picture economic life: wealthy countries should give some of their wealth to poor countries and rich people should give some of their wealth to the poor. In their view, the only reason there are still so many poor people is because the wealthy are so greedy and selfish. Yes, historically, wealth was often acquired through exploitation and theft, with some individuals prospering at the expense of others. However, the market system operates according to a completely different set of principles. It is based on the fact that those who most effectively satisfy the needs of consumers become rich. That is the logic of the market.

If you take a look at the list of the richest people in the world, you will see that none of them became rich by taking anything from others, but because their entrepreneurial activities have greatly benefited society as a whole. Brian Acton and Jan Koum invented WhatsApp and sold it to Facebook in 2014. Today, over two billion people across the globe use WhatsApp, not only for messaging but also for making free phone calls. The two WhatsApp founders have a combined fortune of around 19 billion US dollars. They became rich through an idea. Has inequality increased because there are now two more multi-billionaires? Certainly. But has it harmed anyone, except perhaps providers of expensive telephone tariffs?

There is a common misconception among many people when they see the wealth of such billionaires. This money is not sitting in bank accounts or being used for private purposes, it is largely tied up in shares in productive companies. So, what does it mean when anti-capitalists say these entrepreneurs should no longer be billionaires?

Well, they would have to be expropriated or – and this is basically the same thing – taxed at over 90 percent. The question then arises: where would these billions go? The answer: to the state. Is the money better off in the hands of the government or should it remain in the hands of its citizens, including entrepreneurs? Furthermore, if there were no more billionaires, who would be responsible for managing major companies? Politicians and

civil servants? That system has already been tried. It's called socialism and it has failed all over the world.

Rainer Zitelmann is the author of the books *In Defense of Capitalism* and *How Nations Escape Poverty*.