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Let’s be clear – an Extreme Wealth Line is not a cap on wealth

*What can be said – and potentially done – about extreme concentrations of wealth? To begin with, an “extreme wealth line” (EWL) specifies a level at which the harms associated with concentrations of wealth intensify and are no longer considered acceptable, write **Tania Burchardt**, **Ingrid Robeyns** and **Michael Vaughan** in our latest blog post. The EWL is a social indicator; it should not be confused with a cap on wealth.*

*This article is also supported and co-signed by **Rebecca Gowland** and **Milly Shotter** (Patriotic Millionaires), **Max Lawson** (Oxfam International) and **Danny Sriskandarajah** (New Economics Foundation).*

As partners in the Extreme Wealth Line Initiative, we were delighted that there was discussion of the idea of the extreme wealth line (EWL) at the Civil Society Policy Forum of the 2025 Annual Meetings of the IMF and the World Bank.

While it was great that a conversation about extreme wealth was happening at arguably the most important global economic institutions in the world, the discussion also revealed a major potential misunderstanding around the EWL – and one that we also come across in our public engagement. The EWL is a social indicator, creating a heuristic device that makes extreme wealth visible, governable and accountable. It is not a policy proposal for an extreme wealth cap. Conflating these is a mistake.

The Extreme Wealth Line as a social indicator

The Extreme Wealth Line Initiative, in which scholars from the LSE are participating, is developing the EWL as a proposal for a social indicator. The EWL as a social indicator defines a level at which the harms associated with concentrations of wealth intensify and are considered to be no longer acceptable.

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One could also think of these harms as negative externalities: negative effects on third parties that are not factored into the transactions of the ultra-wealthy individual, either in the course of their accumulation of wealth, or in how they use or spend it. Such transactions could include, for example, the production and sale of goods and services, speculation on assets, or activities aimed at political capture, as well as the consumption patterns of the ultra-wealthy.

Evidence on the harms of extreme wealth is growing. Here are some examples over different domains.

- **Economically**: aggregate economic functioning, including growth, can be harmed through the accumulation of non-productive assets, monopolistic power and rent-seeking by narrow groups of owners of scarce assets (as well as from knock-on effects on the economy from the harms of other dimensions listed below).
- **Socially**: citizens’ access to essential goods, such as housing, can be “crowded out” by asset accumulation strategies, leaving urgent needs unmet in the face of significant collective action problems.
- **Politically**: wealth concentration skews political influence in multiple ways, including direct influence (such as donations), media ownership, anticipating the interests of disproportionately powerful individuals (and their capacity to influence debate around contested issues in the public domain), or the overrepresentation of the extremely wealthy as political representatives themselves.
- **Environmentally**: the wealthy and super-wealthy contribute disproportionately to carbon emissions via their lifestyles and consumption patterns, but they also have links to fossil fuel and other polluting industries (eg, as investors) that contribute to the climate crisis and wider environmental degradation.

A businessman on a private jet. Image: Shutterstock

We have already published some overview studies (here, here and here) in which we start to systematically lay out those harms. We are currently engaged in a comprehensive evidence review to quantify these and other harms associated with extreme wealth and to ascertain at what levels or concentrations of wealth harms become apparent or start to accelerate.

What will be the value of this research? As a social indicator, an extreme wealth line can help to describe the problem, stimulate debate, and provide a target for a range of policy responses. But it is essential not to conflate the role of the social indicator with any specific policy prescription.

What are the normative and policy prescriptions that follow from the EWL?

The only normative position inherent to the EWL is that harms associated with extreme wealth are a bad thing. There is a wide range of positions and prescriptions compatible with the EWL.

For example, citizens and policymakers might want to monitor extreme wealth in order to more confidently answer questions like: is the problem getting better or worse over time? Is it better in one country compared with another? Will a particular policy – even one not directly addressed to the problem of extreme wealth – make it better or worse?

Answering these kinds of questions helps to ensure that the problem of extreme wealth is more fully understood, while reserving judgment on the proper course of action pending information about available policy remedies and the window for political action. After all, we don't have to agree on whether or not to ban cigarettes before we start tracking smoking rates in the population – we just have to agree that smoking-related cancer is a harm that would be better off avoided.

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It is true, of course, that the EWL will be a useful tool for those who believe that no-one should be situated above that line – a view also called "limitarianism". Even for limitarians, however, such a prescriptive norm *does not* say anything about which specific policy responses it requires. In particular, it is important to distinguish between policies that *structurally eliminate* excessive wealth versus those that *aim to reduce the likelihood* of excessive-wealth.

Policies that seek to structurally eliminate extreme wealth would include a cap on the total amount of inheritance or gifts that one can receive in one's life, or a marginal tax rate of 100%. (One might oppose such a policy on grounds of political feasibility, but we should not forget that, historically, we have seen top marginal tax rates of up to 98%.)

By contrast, there are other policies that simply serve to reduce the probability that a person will attain such an extreme level of wealth (or stay so wealthy if they have already accumulated a fortune).

Such policies include changes in political, environmental, economic or social regulations and institutions, such as anti-trust legislation, rules on land or real estate ownership, stronger protections of labour unions, more effective measures to tackle tax evasion, policies against tax havens, and so on. Tax changes do have a role to play in such a set of policies, especially since at present many countries have regressive tax systems: the very richest pay lower average tax rates than other groups. But it is not necessary to assume that a 100% marginal tax rate is the only game in town or that it is necessarily required to limit wealth.

An analogy with the poverty line

The distinction between the EWL as a social indicator and the possible prescriptions that follow from the EWL is analogous with the poverty line.

The poverty line is clearly a social indicator, as we want to know how many people fall below it, or how deeply they do. It also entails a norm: specifying a poverty line implies that *something* should be done to prevent people falling below it or to alleviate the severity of the suffering associated with living below that level. But it does not prescribe which policy levers should be used to address poverty. Indeed, if we look at effective anti-poverty strategies, we see that they take all sorts of forms, not all of which involve direct income transfers.

Specifying a poverty line thus facilitates measurement and stimulates debate – but it is not the same as calling for a Universal Basic Income to eliminate income shortfalls below it. Similarly, specifying an extreme wealth line would, we contend, facilitate measurement of a growing democratic, environmental, economic and social problem and spark debate about how to tackle it. Even proposing the idea has led to discussion under the auspices of the World Bank and the IMF. But advocating for an EWL is not the same as advocating for a 100% tax on wealth above the line.

If you'd like to find out more about the Extreme Wealth Line Initiative please visit https://extremewealthline.com/

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Milly Shotter

Milly Shotter works with Patriotic Millionaires as part of her portfolio of projects for a more thriving, dignified, equitable and ecological future for people and planet. She also authored a report in 2024, commissioned by Patriotic Millionaires UK and the Good Ancestor Movement and supported by the Joseph Rowntree Foundation, examining the Risks of Extreme Wealth.

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Danny Sriskandarajah is Chief Executive Officer of New Economics Foundation. Prior to that he spent five years as Chief Executive of Oxfam GB. He has previously been Secretary General of CIVICUS, Director General of the Royal Commonwealth Society, Interim Director of the Commonwealth Foundation and held various posts at the Institute for Public Policy Research. He has served on two United Nations' High-Level Panels (on Humanitarian Finance and on Digital Cooperation). His latest book is "Power to the People" (Headline Press).

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