

FROM HERE  
- TO -  
PROSPERITY



AN AGENDA FOR PROGRESSIVE PROSPERITY BASED  
ON AN INEQUALITY-BUSTING STRATEGY OF  
*INCOME FOR ME, WEALTH FOR WE*

THOMAS J BURGESS

*'Burgess presents a much-needed path to engage both the wealthy and everyone else. It isn't punitive, it is inclusive. It isn't billionaire bashing, it's bridge building. The principle of 'Income for me/wealth for we' is not just practical, it is executable. This book outlines an agenda to build balance again with greater opportunity, a healthy middle class and a productive environment for the continued creation of wealth for the benefit of all, not just the few.'*

**Chuck Collins, author of *Born on Third Base: A One Percenter Makes the Case for Tackling Inequality, Bringing Wealth Home, and Committing to the Common Good*, Senior Scholar, Institute for Policy Studies, Washington DC, and co-editor of *Inequality.org*. Co-founder of *Wealth for the Common Good* and *Patriotic Millionaires***

*'Governments across the world are grappling with the increasingly toxic issue of social and economic inequalities. This book by Tom Burgess contributes some bold and imaginative ideas to the ongoing debate with a view to coming up with a package of practical solutions designed to bring about a reduction in financial hardship currently experienced by so many people worldwide.'*

**Professor David Wilson, Emeritus Professor and Pro-Chancellor, De Montfort University**

*'A sound, commonsense approach to engaging business for the greater good where we all can profit. It is not enough for business to have a social conscience. It is the performance that counts. Tom Burgess offers a practical agenda to engage the philosophy of a corporate social conscience through initiatives such as tax reform, profit allocation and self-financing infrastructure investment. A defining statement which should be read by all entrepreneurs who seek a clear alternative perspective to progress their business.'*

**David A Kerfoot MBE DL**

*'Long before Piketty quantified it, some thinkers realized that a chasm of inequality had been opening up over the past twenty-five years*

*between the have-nots and the have-alls (leaving aside the increasingly squeezed middle). Burgess was one of these early thinkers, and his thesis that zero-sum economics is socially and financially destructive is the product of a generation's-worth of hard thinking on the matter. The analysis and solutions Burgess puts forward are radical and urgently in need of implementation.'*

**Prof. Chris Green, formerly Associate Professor in the Faculty of Humanities, Hong Kong Polytechnic University**

*'A century ago, civic-minded business people who understood how concentrated wealth undermines our democracy helped launch the struggle that toppled America's original plutocracy. In **Income for me/wealth for we**, Burgess reignites that civic-minded spirit.'*

**Sam Pizzigati, Associate Fellow, Institute for Policy Studies, Washington DC and author of *The Rich Don't Always Win***

# From Here to Prosperity

An Agenda for Progressive Prosperity  
based on an inequality-busting strategy of

*Income for me/wealth for we*

THOMAS J. BURGESS



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# From Here to Prosperity



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**Linguistic note:** Though this book was mainly written while I am in California, it is published in London for distribution in the UK, USA and beyond, I have used the British spellings unless it refers to a specific American instance.

*To Carla, Greg and Eve*

*May you enjoy the freedom of prosperity*

# Preface

*'Recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world...'*

Preamble to the Universal Declaration of Human Rights adopted in 1948 by the General Assembly of the United Nations

**T**O ME that says it all, it is the basis of how we should live our lives and outlines the tasks for the governments we elect to act on behalf of us all, not just the few.

Though today, nearly seventy years later, the global economic system is creating extreme inequality, causing unnecessary hardship for millions of people. So many have so little, while so few have so much. Where is the progress?

I am frustrated by the lack of action to solve inequality, persistent poverty and slow economic growth. I did not want to write another analysis of the problem, about how bad it is and how it is getting worse. I wanted practical answers, and I was pretty sure there were simple answers, I like simplicity.

I am inspired by my late father, Dr Ronald Burgess, an economist, who had written several economic papers, as well as a 1993 book: *Public Revenue without Taxation*. I always thought this seemed like a great idea and it was indeed simple. However my Dad wrote an academic, learned book. I wanted to propose practical answers written in a more every day language so that you need not be an economist to understand. I did study economics at school and university so I should know the basics!

Just twenty years later, inequality has worsened, poverty is still endemic and the economy of the world is still fragile. It should be strong, given globalisation, technology and advances in healthcare and communication. There should not have been the Great Recession, but there was, we should have recovered much faster. But we are in danger of making the same

mistakes again. While I believe we could raise public revenue without taxation (you will need to read his book to find out how!), we now need some urgent action to bring some strong structural changes to correct our economy and make progress for our society in the 21st century.

I have always been fascinated by politics, I was a Student Union President and active in the National Union of Students, later I was a founder member of the Social Democratic Party and twice stood for city council, and also founded and edited a political newspaper. I really wanted to stand for Member of Parliament but there was no party that ideally matched my views. As my headmaster once said in my school report: 'Tom is an individualist' which apparently means one that pursues a markedly independent course in thought or action. I also got busy with my own business and sharing in the joys of bringing up a family, which became my priority. Now that my children are grown up, left home and off the payroll, and now that I have left the business world behind I can now devote my energy to making a difference.

This book is just the start.

Another factor is that I have been fortunate enough to live in both the UK and USA. One of the consequences about being out of your home country is that you can take a more objective view of your home nation, and a much better understanding of the culture, media and politics of the nation you now call home. So I hope I can bring an impartial view.

The longer you live your life and the more you travel, you see the contrasts, in culture, living standards, the variations in income, wealth, opportunity, housing and outlook on life. The businesses I founded have worked for over 500 clients in nearly 100 countries. I have seen and experienced all sides now from the mansions and yachts of the super rich, the smart hotels, impressive boardrooms and excesses of senior corporate executives, to the unemployment, insecurity and frustration of so many people as well as the determination and courage of ordinary working people, trying to make ends meet and lead a fulfilled and purposeful life. Having experienced so much I hope this puts me in a good position to comment and propose some answers to the dilemmas of today. I hope this book will inspire you to realise that if we collaborate, we can bring change and elect a government that truly does work for us, the majority, not just the few.

In *From Here to Prosperity*, I hope to persuade you that together we can build a fairer society that truly provides the opportunity of prosperity for everyone and encourages greater democratic engagement. And I propose to show you how. I want to bring you practical and simple answers. The mechanisms of change that I will describe include measures that will appeal across the whole political spectrum, bar its extremes, and will benefit the vast majority at little expense to the very wealthy few.

I propose an **Agenda for Progressive Prosperity** that aims to minimise extreme inequality and create greater opportunity for all by bringing significant financial relief to the poor and squeezed middle class. It is based on the inequality-busting strategy of '*income for me/wealth for we*'. We each keep the income we earn from the personal effort of our work and we share more equitably the wealth we create jointly. The tax system could be reformed to shift the base from income to wealth and to encourage greater social responsibility. A key tactic to achieve this would be by abolishing income and payroll taxes for the majority of the population. This would be more than covered by a greater contribution, based on a small percentage from the value of personal assets above a threshold from those who have accumulated significant wealth. Everyone will be better off. With more funds brought into circulation, consumer demand will be boosted and more jobs created, leading to greater opportunity for all. This agenda is inclusive and non-partisan; it causes no hardship and could transform our society bringing sustainable growth and greater social justice.

Inequality is not someone else's problem. It is a tragic consequence of a broken system that affects us all and we need to fix it fast. With such high levels of poverty, low wages and weak consumer demand even the wealth of the rich is at risk. If we do not change, change will be thrust upon us by social unrest and revolution. The rapid concentration of wealth into the hands of a tiny minority has drifted us into a plutocracy, government by the rich for the rich. As a believer both in democracy and capitalism, I find this deeply troubling and not just from a moral perspective, though that is critical, but also because my sense of history tells me that it is dangerous. To my mind, it is better to encourage peaceful but profound change whilst we still have the chance.

The Agenda for Progressive Prosperity is built on a five-step process that will bring increased financial security, greater freedom and more choices leading to a more fulfilled and purposeful life for many. The eminent economist Joseph Stiglitz said reform could be achieved through the tax system. I agree. All these five interlinked policies that I propose, contribute to reducing inequality by increasing disposable income for lower earners and sharing more equitably the wealth we jointly help create.

- **A living wage to be the minimum wage:** Low wages cause hardship. Five million people in the UK earn less than a living wage (as defined by the Living Wage Foundation) and the British government spends £30 billion topping up low wages. In the USA, where 51 million jobs pay under \$15 per hour, the federal government spends \$227 billion subsidising low pay. Research shows that paying a living wage would have a minimal effect on company profits, yet most companies still choose not to do it even though higher wages have been proven to bring benefits such as less absenteeism, reduced recruitment costs and better quality of work. This policy is effortless to implement, it just requires raising the minimum wage to an agreed level i.e. a wage based on agreed acceptable living standards. UK Chancellor of the Exchequer George Osborne proposed a 'National Living Wage' of £9 an hour by 2020, in his 2015 budget. This is the minimum wage in new clothing, and not to be confused with the real thing. While small companies may have transitional challenges to living wage, big companies making substantial profits have no excuse, business models may need to be amended but we must do the right thing. The big benefit to us all is greater consumer demand, as Henry Ford found when he increased his employees' wages so they could afford to buy the cars they made.
- **Income tax to be abolished:** Income and payroll taxes significantly reduce the disposable income of the low and middle earners bringing financial pressure and undermining their quality of life. The 80% of UK taxpayers earning below £32,000 and 70% of Americans earning below \$50,000 could be freed from income-related taxes, giving each a significant pay rise and stimulating the economy whilst reducing pressure on the welfare budget. The impact on government revenue is



small and could be made up in a more equitable manner from the wealth we generate collectively. The impact on disposable income would gradually be improved as, currently, low-income groups, whose pay packets are reduced by taxation, are compensated by tax credits and welfare, requiring a costly bureaucracy taking away with one hand and giving back with another. Overall, it is reasonable to conclude that income taxes, in relation to the lower paid, are expensive to collect for the community as a whole, and self-defeating, as reducing these taxes would almost certainly lead to a degree of economic expansion, and higher tax revenues overall. Progressive taxes on income would still be retained for higher earners, but deliberately rebranded as insurance payments as they would go towards funding health and welfare for all.

- **A tax based on personal assets to be introduced:** As we all participate in wealth creation, the fruits should be shared more equitably, reducing extreme inequality. This does not happen today: on the contrary, the economy performs in such a way that wealth flows from the poor towards the rich. In the USA, the top 1% own more than 40% of the nation's wealth, in the UK, the country's five richest families now own more wealth, than the poorest 20% of the population. Some of this excessive wealth could be returned to those that helped create it through a low percentage tax on all assets over a certain threshold. This percentage would still be less than the expected increase in asset value so the rich would still get richer, but by not quite so much, and more funds would be put into circulation for the benefit of all.
- **Infrastructure investment to be funded through reformed property tax:** Changing the way the out of date property taxes are levied so there is more equitable means of collecting payment for all public services. This could be based on the market or locational value of the land only, and could make infrastructure projects self-financing. As improved infrastructure raises adjoining land values, a Land Value Tax (LVT) based on the market value of each site, would enable government expenditure to be recouped automatically from rising land values, as well as providing more funds for public services. As the rich occupy the most valuable sites, with the most locational advantages provided by

society as a whole, they would contribute more to public revenue through what I prefer to describe as a Land Usage Charge but in return for valuable benefits. Firms occupying the best sites and enjoying the greatest advantages would pay more for the privilege. Current property taxes penalise improvements, whereas land use charges encourage best use. Land hoarding and speculation would become unprofitable, and the scope for moving profits off-shore would be reduced. Some transitional relief might be required initially for property owners with a valuable property but low income.

- **The wealth created to be shared through encouraging greater corporate responsibility:** Enterprises, which bring together capital and labour, create wealth, which should be shared more equitably with all the stakeholders, not just the shareholders. By changing the way we raise public revenue from business, we can ensure that the wealth created benefits all. So instead of all the gains going to the shareholders, more of this will go to stakeholders by means of 'social offsetting' as socially responsible companies will contribute less from their profits/wealth to public revenue. This encourages social responsibility while still respecting the profit motive. It could put an end to low wages, excessively high salaries, and the distorting influence of lobbying and vast political contributions, as well as eradicating tax avoidance and many more 'anti-social' corporate activities that have made so many both metaphorically and literally sick. This would encourage business to act in the interests of the wider community not just the shareholders.

All these measures would put more money in the hands of those now in poverty and those of the 'squeezed middle', bringing great relief without causing anyone else further hardship. Increasing the contribution made from those that already have a comfortable lifestyle can offset the reduction in taxes on income. This would mean more cash taken out of 'storage' and put into circulation, therefore increasing economic growth, providing jobs and creating greater opportunity. There would be no need for further austerity measures; the economy would be turbo-charged as the funds would be available from the wealth we all create.

I am not content to just lay out the agenda in a book – having spent a career in business, marketing and media relations, I want to make this long overdue agenda a reality. One thing is very clear: voting is not enough. Real social change only happens when there is a mass movement of people who clearly demonstrate their feelings. A constructive practical and fair agenda needs to be offered. Not a rambling collection of patches but a clear vision and a concise strategy. More engagement can be encouraged by the wise application of social media. But we, the majority, have to be confident and to convince ourselves that we can do it. The wealthy need persuading that it is their interests, too. And our politicians need convincing that this is the will of the people. As John F. Kennedy said: *‘If a free society cannot help the many who are poor, they cannot save the few who are rich.’*

Practical common sense answers are required. There are many good academic, learned works on economics and inequality, packed with charts, graphs and data, including those by Thomas Piketty, Anthony Atkinson and Joseph Stiglitz (all of whom I have heard talk at the London School of Economics), Emmanuel Saez of University of California, Berkeley whose seminar I attended at the Institute of Fiscal Studies in London, Robert Reich, whose many lectures I joined for a semester at University of California, Berkeley and Professor Sir John Hills and Gabriel Zucman of the LSE who kindly took time to give me some valuable input. I have benefitted from many others too. There is a lot to learn from these studies and the solutions they propose, but now is the time for action so let’s keep it simple and effective. If an idea makes sense and is fair, a way can be found to make it happen. The issues of implementation and transition can be overcome by clear creative thinking. While many may not like change, it must happen if we are to survive and prosper, as we have been going the wrong way for some time.

I do not want to give another analysis of the problems and the dire situation that is now upon us; there has been enough talking. Instead I want to build on this with a common sense approach to a political problem that is undermining our society by means of a book that can be understood and acted on by all. It is about putting the wealth we jointly create to work for everyone.

This is not a battle, this is not a fight, but a means to build non-partisan consensus for change. The answers I propose do not involve an attack on any group and are not motivated by a wish to punish anyone. The Agenda for Progressive Prosperity provides a way to bring a better life to those who have been denied the opportunity by a system that is overdue for reform. We need a positive attitude, great determination and a practical, bold agenda.

I hope this book will at least stimulate constructive discussion around a bold vision, a simple, fair approach that will truly give the opportunity of a better life for all and move us all From Here To Prosperity.

# PART I

## The Challenge for Change

*'I have a dream that one day this nation will rise up, live out the true meaning of its creed: We hold these truths to be self evident, that all men are created equal'*

**Martin Luther King** 1963

**T**HE TIME has come, to join together, realise that many more people could lead fulfilled and purposeful lives if we took a different approach to our society, our economy and our government.

- We let many in the world be hungry when there is plenty.
- We live in democracies but power is in the hands of a few.
- We are still consuming finite resources when there are sustainable options.
- We are killing our planet but we have nowhere else to go.
- We are imposing taxes on people so they cannot build a fulfilled life.
- We allow the rich to get richer and the poor to get poorer.
- We agree with human rights but do not respect the rights of many humans.
- We are still fighting wars in the name of peace.

We can do better.

It is time to put aside the divisions of the past, to move away from right or left wing rhetoric that can alienate and no longer unites. There are many good people with good ideas and intentions, we need to be open, listen,

learn and work it out. We have a huge task ahead. Let's work together and make that choice.

Government itself is not the problem: in fact, it is the answer. This does not mean bigger governments but better and bolder governments, with a purpose and vision. This is an Agenda for peaceful but determined action to make the world a better place for many more people.

It is not difficult, it is not simple, but it can be done.

A pivotal point has been reached and unless we act, things could get out of control. What is happening now is not new, it has happened before; we need to learn from our mistakes. We live in an even more highly connected world with rapid communication and instant access to information; we should be wiser and more informed.

Let's seize the opportunity, take up the challenge for change so that real progress can be made.

## CHAPTER 1

# Where Are We Now?

**W**E ARE NOT where we could be on the path of human progress. Despite all the advances that have been made in technology, healthcare and communications, we still live in a world riddled with inequality, conflict and suffering. Even in the rich nations, we need change and I believe that if we can make it here, to paraphrase the song, we can make it anywhere. At base, almost all our problems stem from inequality of some sort: of wealth, of opportunity, of resources or freedoms. There is no excuse for poverty in the economically advanced countries, no reason why it should persist; there is enough income generated and wealth created to go round in a more equitable manner.

I want to give you some real facts that bring clarity about where we are today and facts that are indisputable. Then to move on to common sense policy ideas that, given the political will, could make a real difference. But that is not enough, the greatest ideas are no good unless implemented, so I want to outline how the environment for change can be created, once we have that, how the policy ideas can be implemented in a realistic time frame. Before the answers, let's review the problems to determine where we are now. I have identified three major issues; while I have taken most of my illustrations from the UK and USA, these problems are applicable to most western democracies and 'advanced' economies.

- Extreme inequality and persistent poverty
- Slow economic progress
- Damaged democracy, a government that isn't working, for us

## 1.1 Extreme inequality and persistent poverty

The world is getting richer and yet most of its inhabitants are poor or getting poorer. How can this be? Surely, everyone should be getting richer, perhaps not at the same rate and certainly not from the same base, but getting richer, regardless? Well, no. It doesn't work like that, unfortunately, because our economic and political systems drive wealth towards the rich, concentrating more and more of it into a very few hands, and with it, political power. The Equality Trust, which works to improve the quality of life in the UK, says:

the grotesque concentration of wealth in the hands of a tiny minority is fracturing our society, weakening our economy and giving disproportionate power to the richest. Unless policymakers adopt a clear goal of reducing the gap between the richest and the rest, they will have to govern an increasingly dysfunctional nation.

Some people are very rich, so rich, in fact, that 80 super-rich individuals are as wealthy as all the poorest 3.5 billion combined: half the population of the world. Wealth is so concentrated among the super-rich and so thinly spread among the very poor that when you reverse the equation to see how many people at the top have, say, half the world's wealth it is still only 1%, according to the charity Oxfam. Nor do the 99% share the other half of the world's wealth equally. The gradient is so steep that with wealth amounting to \$110 trillion, that richest 1% owns 65 times the total wealth of the bottom half of the world's population. And this tiny group's wealth is not just growing but accelerating. The richest 1% increased their share of income in 24 out of 26 countries for which data is available between 1980 and 2012.

According to the Global Wealth Report by Credit Suisse (published in October 2014), global wealth surged by \$20.1 trillion over the previous year to \$263 trillion, 20% above the pre-crisis peak in 2007. The countries with the biggest economies benefitted most. Their exact position on the podium varies according to who is doing the measuring – the CIA Handbook, the International Monetary Fund, The United Nations or the World Bank – but the European Union, the USA and China are first, second and third in terms of Gross Domestic Product. In the USA, household wealth rose by \$8.9 trillion in the 12 months ending mid-2014. Despite the crisis in the Euro Zone, the European Union enjoyed the second-largest rise of \$8.1 trillion.