Capping Extreme Wealth: A Proposal for a Global Wealth Ceiling and Automatic Overflow to Public Capital

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Abstract

This paper proposes a global wealth ceiling as an institutional mechanism to preserve democratic governance and competitive markets. We argue that unbounded private wealth accumulation, beyond a certain threshold, functions as a form of private sovereign power that distorts political institutions, undermines market competition, and erodes the legitimacy of democratic systems. Rather than framing extreme wealth as a moral failing, we treat it as a systemic outcome of institutional design choices that can be addressed through coordinated policy reform. We develop a conceptual framework that models the tradeoff between preserving entrepreneurial incentives and limiting political distortion, deriving conditions under which a binding wealth cap improves aggregate welfare. The proposal specifies covered assets through beneficial ownership principles, establishes mark-to-market valuation protocols, and routes overflow wealth to sovereign wealth funds governed by transparency and anti-capture provisions. We analyze historical precedents, address implementation challenges including evasion and capital flight, and outline a phased roadmap for a pilot coalition of cooperating jurisdictions. The paper concludes that a well-designed wealth ceiling can contain private power while preserving the incentive structures that drive innovation and growth.

Keywords: wealth inequality; wealth taxation; sovereign wealth funds; political economy; institutional design; global governance; capital mobility

1 Introduction

The concentration of private wealth at the upper tail of the distribution has reached levels not observed since the early twentieth century. While inequality per se has been the subject of extensive normative debate, this paper focuses on a narrower institutional question: at what point does private wealth accumulation become functionally equivalent to private sovereign power, and what institutional mechanisms might contain this dynamic while preserving the incentive structures that underpin market economies?

The framing is deliberate. We do not treat extreme wealth as evidence of moral failure or as inherently illegitimate. Many large fortunes arise from entrepreneurial activity that generates substantial social value. The question is not whether such wealth should have been permitted to accumulate, but whether, beyond some threshold, private holdings begin to exercise quasi-

governmental influence over political institutions, regulatory bodies, and market structures in ways that undermine the foundations of democratic governance and competitive markets.

This paper makes three contributions. First, we develop a conceptual framework that models the tradeoff between preserving incentives for wealth creation and limiting the political distortions that accompany extreme concentration. Second, we propose a specific institutional mechanism—a global wealth ceiling with automatic overflow to public capital vehicles—and specify its key design parameters, including asset coverage, valuation rules, enforcement architecture, and governance of recipient funds. Third, we analyze the political economy of implementation, identifying conditions under which a coalition of cooperating jurisdictions might sustain such a regime despite capital mobility and tax competition.

The central argument proceeds as follows. Private wealth, beyond a threshold, enables its holders to shape political outcomes, regulatory environments, and market structures in ways that ordinary citizens and firms cannot. This capacity constitutes a form of power that operates outside democratic accountability. While existing institutions—progressive taxation, antitrust enforcement, campaign finance regulation—aim to constrain such power, they have proven inadequate to the scale of contemporary wealth concentration. A ceiling that redirects overflow wealth to publicly governed funds offers a structural solution: it preserves strong incentives for wealth accumulation up to the cap while preventing the emergence of private actors with state-like capacities.

The scope of this paper is institutional design rather than normative justification. We take as given that democratic governance and competitive markets are valuable and that institutions should be designed to sustain them. We do not engage the libertarian position that property rights are inviolable regardless of distributional consequences, nor do we engage utilitarian calculations about optimal redistribution. The question is narrower: given a commitment to democratic institutions and market competition, what mechanisms can prevent their erosion by concentrated private power?

2 Background and Related Literature

This section situates the proposal within five strands of existing research: inequality and political capture, wealth concentration and market power, capital mobility and tax competition, sovereign wealth funds and public capital ownership, and the institutional economics of property rights.

2.1 Inequality and Political Capture

A substantial literature documents the relationship between economic inequality and political outcomes. Gilens and Page [2014] demonstrate that policy outcomes in the United States correlate strongly with the preferences of affluent citizens and show little independent relationship with median voter preferences. Bartels [2008] finds similar patterns in legislative voting behavior. Theoretical models by Acemoglu and Robinson [2008] formalize how economic elites can capture political institutions, leading to persistence of extractive arrangements.

The mechanism operates through multiple channels: campaign contributions, lobbying expendi-

tures, revolving-door employment, media ownership, and the funding of ideological infrastructure such as think tanks and academic programs [Hacker and Pierson, 2010]. While each channel has been studied in isolation, the combined effect is to create an environment in which policy systematically favors the interests of wealth-holders, even when those interests conflict with broad public preferences.

2.2 Wealth Concentration and Market Power

A parallel literature examines the relationship between wealth concentration and market structure. Philippon [2019] documents rising market concentration across U.S. industries and associates it with declining business dynamism. Autor et al. [2020] analyze "superstar firm" dynamics, in which a small number of highly productive firms capture increasing market shares. While these patterns are not mechanically linked to personal wealth concentration, the overlap is substantial: founders and early shareholders of dominant platforms have accumulated fortunes that dwarf historical precedents.

Antitrust enforcement has proven insufficient to address these dynamics. Wu [2018] argues that the consumer welfare standard, which focuses narrowly on price effects, fails to capture harms to competition, innovation, and political economy. The problem is compounded when dominant firms can deploy wealth to shape the regulatory environment itself, creating feedback loops between market power and political influence.

2.3 Capital Mobility and Tax Competition

Any proposal to limit wealth concentration must contend with capital mobility. Zucman [2015] estimates that a substantial fraction of global wealth is held in offshore financial centers, beyond the effective reach of national tax authorities. Tørsløv et al. [2022] document the scale of profit shifting by multinational corporations, which erodes the tax base available for redistributive purposes.

The literature on tax competition [Keen and Marchand, 1997] demonstrates that uncoordinated national policies tend toward suboptimal equilibria: jurisdictions compete for mobile capital by reducing tax rates, leading to underprovision of public goods. This logic extends to wealth taxation. Absent international coordination, any unilateral wealth cap would face severe enforcement challenges and could trigger capital flight. The implication is that effective policy requires either global coordination or a coalition of cooperating jurisdictions large enough to minimize arbitrage opportunities.

2.4 Sovereign Wealth Funds and Public Capital Ownership

Sovereign wealth funds (SWFs) represent an existing model for public ownership of financial assets. Norway's Government Pension Fund Global, funded by petroleum revenues, holds assets worth approximately [PLACEHOLDER][1] and operates under strict governance rules designed to insulate

[1] Data to be inserted.

investment decisions from short-term political pressures [Clark and Monk, 2013]. The Alaska Permanent Fund, though smaller, demonstrates that resource-derived wealth can be distributed directly to citizens as dividends while preserving principal.

The literature on SWF governance emphasizes transparency, independence, and rules-based spending. Truman [2010] develops a scoreboard ranking funds on governance quality, finding substantial variation. The Norwegian model is widely regarded as a benchmark, but critics note that even well-governed funds can be subject to political pressures over time [Ang, 2010]. These lessons inform the governance provisions proposed below.

2.5 Property Rights and Institutional Design

Finally, the proposal engages debates in institutional economics about the nature and limits of property rights. North [1990] emphasizes that secure property rights underpin economic growth by enabling long-term investment and exchange. However, the same literature recognizes that property rights are socially constructed and bounded: rights to pollute, to engage in certain contracts, or to exercise monopoly power are routinely limited in the public interest.

Murphy and Nagel [2002] argue that the distinction between "taxation" and "taking" is largely semantic; all property rights exist within a framework of rules that determine their scope and content. A wealth ceiling can be understood not as an expropriation but as a boundary condition on the institution of property itself, analogous to existing limits on intellectual property duration or restrictions on land use.

3 Conceptual Framework: Incentives vs. Sovereign Power

This section develops a simple analytical framework to clarify the tradeoffs involved in setting a wealth ceiling. The core intuition is that wealth provides two distinct benefits to its holder: consumption utility and political-economic power. While the marginal utility of consumption diminishes rapidly at high wealth levels, the marginal capacity to influence political and market outcomes may increase. A well-designed ceiling aims to preserve the former while limiting the latter.

3.1 A Simple Model

Let W denote an individual's wealth. We model total private benefit as the sum of consumption utility and power utility:

$$U(W) = u(W) + p(W) \tag{1}$$

where $u(W)$ represents utility from consumption and $p(W)$ represents utility from the exercise of political-economic power.

Following standard assumptions, consumption utility exhibits diminishing marginal returns:

$$u'(W) > 0, \quad u''(W) < 0 \tag{2}$$

That is, additional wealth always increases consumption utility, but at a decreasing rate. Empirical evidence on subjective well-being suggests that the consumption-utility function flattens substantially above moderate wealth levels [Kahneman and Deaton, 2010].

The power function, by contrast, may exhibit increasing returns over the relevant range. Political influence requires crossing thresholds: funding a viable candidate, acquiring a media outlet, endowing a research program with sufficient prestige to shape policy discourse. We posit:

$$p'(W) > 0, \quad p''(W) > 0 \text{ for } W > W^* \tag{3}$$

where W^* is a threshold above which additional wealth yields accelerating political-economic influence.

3.2 Social Cost of Political Distortion

From a social perspective, the private benefit from power, $p(W)$, corresponds to a cost imposed on others: distorted policy, reduced competition, or captured regulatory bodies. Let $D(W)$ denote the aggregate social cost of political distortion from an individual with wealth W. We assume:

$$D'(W) > 0, \quad D''(W) > 0 \text{ for } W > W^* \tag{4}$$

The convexity assumption reflects the idea that marginal additions to already-large fortunes produce disproportionate increases in distortionary capacity.

A social planner maximizing aggregate welfare (consumption utility minus distortion costs) would set wealth to satisfy:

$$u'(W) = D'(W) \tag{5}$$

This first-order condition defines an optimal wealth level $\hat{W}$ at which the marginal consumption benefit equals the marginal social cost of distortion. The wealth ceiling proposal operationalizes this condition by setting a cap at or near $\hat{W}$ and redirecting overflow to public capital where it generates returns without conferring concentrated political power.

3.3 Defining Covered Wealth

For the ceiling to be effective, "wealth" must be defined comprehensively. The operative concept is *beneficial ownership*: the ultimate human persons who enjoy the economic benefits of an asset, regardless of the legal structures through which it is held. This includes direct holdings, assets held through trusts and foundations (where the individual retains control or is a primary beneficiary), closely held corporate equity, real estate, financial instruments including derivatives, and cryptocurrency holdings.

Valuation follows mark-to-market principles for publicly traded assets. For illiquid assets, annual appraisals or formulaic methods (e.g., revenue multiples for private companies) provide workable approximations, subject to dispute resolution mechanisms. The valuation framework must balance

accuracy against administrative feasibility, accepting some imprecision in exchange for enforceability.

4 Historical and Contemporary Precedents

While no jurisdiction has implemented a formal wealth ceiling, several historical and contemporary arrangements function as partial equivalents. These precedents offer lessons about both feasibility and failure modes.

4.1 High Marginal Tax Eras

During the mid-twentieth century, marginal income tax rates in the United States and United Kingdom exceeded [PLACEHOLDER][2] percent. While these rates were frequently avoided through deductions and deferrals, they functioned as a soft ceiling on the accumulation of new wealth. Piketty [2014] argues that the relatively low wealth concentration of the 1950s–1970s reflected this fiscal environment. The subsequent decline in top marginal rates, beginning in the 1980s, corresponds temporally with rising concentration.

Estate and inheritance taxes served a similar function. The U.S. estate tax, at its peak, imposed rates exceeding [PLACEHOLDER][3] percent on the largest fortunes, encouraging philanthropic giving and limiting dynastic accumulation. Erosion of these instruments—through rate reductions, exemption increases, and sophisticated avoidance techniques—has weakened their constraining effect.

4.2 Postwar Structural Reforms

Beyond taxation, postwar settlements included structural reforms that limited private power. Antitrust enforcement broke up dominant firms in key industries. Financial regulation constrained the activities of banks and separated commercial from investment banking. Labor law facilitated unionization, shifting bargaining power toward workers. These arrangements, sometimes characterized as "embedded liberalism" [Ruggie, 1982], represented an implicit social contract: capitalism would be preserved, but its excesses would be contained.

The gradual unwinding of these arrangements—deregulation, weakened antitrust, declining union density—has removed structural constraints on wealth accumulation. The current proposal can be understood as an attempt to restore a functional equivalent through a different mechanism.

4.3 Sovereign Wealth Funds and Resource Dividends

Norway's petroleum fund and Alaska's Permanent Fund demonstrate that public capital vehicles can operate effectively over decades. Norway's fund, governed by an independent council with a clear mandate, has accumulated substantial assets while maintaining public legitimacy. The Alaska

[2] Data to be inserted.
[3] Data to be inserted.

model adds a direct citizen dividend, creating a visible link between resource wealth and individual benefit.

These examples suggest that the governance challenges, while real, are not insuperable. Key design features—independence from short-term political control, transparency of holdings and returns, rules-based spending—can sustain legitimacy over time.

4.4 Enforcement Erosion as Failure Mode

The common thread in historical precedents is enforcement erosion. High marginal tax rates were undermined by loopholes. Antitrust enforcement waxed and waned with political administrations. Estate taxes were weakened by lobbying. Each regime was effective for a period but eventually succumbed to the political influence of those it constrained.

This pattern suggests that any wealth ceiling must be designed with durability in mind. Specific provisions—discussed below—aim to insulate the regime from capture, including international coordination that raises the cost of unilateral defection, automatic escalation of sanctions for non-compliance, and governance structures for public capital that resist politicization.

5 Policy Proposal: Global Wealth Ceiling with Automatic Overflow

This section specifies the core elements of the proposed regime: covered wealth, valuation rules, enforcement architecture, treatment of founders and corporate control, and international coordination.

5.1 Definition of Covered Wealth

Covered wealth includes all assets beneficially owned by an individual, regardless of legal form. Specific categories include:

- **Financial assets**: publicly traded equity, bonds, derivatives, and other securities, valued at market prices.
- **Closely held equity**: ownership stakes in private companies, valued by formulaic methods (e.g., revenue or earnings multiples) or independent appraisal.
- **Real estate**: residential, commercial, and agricultural property, valued by market comparables or periodic appraisal.
- **Trusts and foundations**: assets held in structures where the individual retains significant control or beneficial interest, attributed proportionally.
- **Cryptocurrency and digital assets**: holdings on-chain, valued at market prices on designated exchanges.
- **Art, collectibles, and other tangibles**: valued by periodic appraisal, with safe harbors for items below specified thresholds.

The beneficial ownership principle ensures that wealth cannot be hidden behind legal structures. International beneficial ownership registries, now mandated by the Financial Action Task Force (FATF) and implemented in many jurisdictions, provide an existing infrastructure to build upon.

5.2 Valuation and Mark-to-Market Rules

Valuation occurs annually as of a specified date. For publicly traded assets, valuation is straightforward: closing prices on the reference date. For illiquid assets, the following rules apply:

Closely held equity is valued using a formulaic approach based on trailing revenue or earnings, with industry-specific multiples updated periodically. Individuals may elect an independent appraisal if they believe the formula substantially misvalues their holdings; the appraisal cost is borne by the individual unless the appraised value differs by more than [PLACEHOLDER][4] percent from the formula value.

Real estate is valued using automated valuation models supplemented by periodic physical appraisals. Dispute resolution mechanisms allow challenges, with adjustments applied retroactively if material errors are identified.

Safe harbors apply to de minimis holdings: primary residences below a specified value, personal property and collectibles below a threshold, and small stakes in private companies are excluded from the calculation to reduce administrative burden.

5.3 Enforcement Architecture

Enforcement requires an international treaty framework establishing common standards and mutual obligations. The treaty would specify:

- **Reporting requirements**: financial institutions, corporations, and trusts report beneficial ownership and asset values to a centralized database accessible to participating jurisdictions.
- **Automatic exchange**: building on the Common Reporting Standard (CRS), participating jurisdictions automatically share information on residents' global assets.
- **Sanctions for non-cooperation**: jurisdictions that fail to participate or that facilitate evasion face escalating sanctions, including exclusion from financial systems, trade measures, and visa restrictions on officials.
- **Whistleblower provisions**: individuals who report evasion receive a share of recovered overflow, incentivizing disclosure.

Integration with existing anti-money-laundering (AML) infrastructure leverages established compliance mechanisms. Financial institutions already conduct beneficial ownership due diligence; extending this to wealth-cap reporting imposes marginal additional burden.

[4] Threshold to be specified.

5.4 Treatment of Founders and Corporate Control

A critical design choice concerns founders of companies whose equity holdings exceed the cap. Two principles guide the approach:

First, no exemptions. Permitting founders to retain control indefinitely would undermine the ceiling's purpose, as control over a large enterprise confers precisely the political-economic power the regime aims to constrain. The holder of [PLACEHOLDER][5] percent of a trillion-dollar company exercises influence qualitatively different from a diversified portfolio of equivalent value.

Second, orderly transition. Founders whose holdings exceed the cap are required to divest overflow equity over a specified period (e.g., five to ten years) to avoid market disruption. Divested shares may be sold on open markets, transferred to employee ownership trusts, or donated to qualifying charitable organizations. The key constraint is that the founder may not retain voting control over divested shares.

Dual-class share structures present a particular challenge. Where founders hold super-voting shares, the wealth calculation should reflect the control premium: shares with disproportionate voting rights are valued at a multiple of their economic value. This prevents circumvention through structures that concentrate control while dispersing economic ownership.

5.5 International Coordination and Jurisdiction Shopping

Capital mobility implies that unilateral implementation is unsustainable. A single jurisdiction imposing a wealth ceiling would face capital flight to non-participating jurisdictions. Effective implementation therefore requires either global coordination or a coalition large enough to minimize arbitrage opportunities.

The minimum viable coalition includes jurisdictions that collectively represent a dominant share of global financial assets, corporate headquarters, and high-net-worth residency. A coalition comprising the G20 economies, for instance, would cover the vast majority of global wealth and could impose sufficient costs on non-participants to deter holdouts.

The strategic logic resembles that of the OECD/G20 Base Erosion and Profit Shifting (BEPS) project and the global minimum corporate tax agreement. In both cases, a coalition of major economies established common standards and applied pressure to non-participants. While implementation remains incomplete, these precedents demonstrate that coordination is achievable when major economies align.

Holdout jurisdictions—tax havens, offshore financial centers—can be addressed through sanctions. Participating jurisdictions would impose costs on financial flows to and from non-cooperating territories: withholding taxes on payments, exclusion from correspondent banking relationships, and restrictions on market access. The objective is to make non-participation costlier than compliance.

[5] Data to be inserted.

6 Destination of Overflow: Public Capital Vehicles

Wealth exceeding the ceiling flows to public capital vehicles. This section considers institutional options, governance requirements, and spending rules.

6.1 Institutional Options

Three models merit consideration:

National sovereign wealth funds: Each participating jurisdiction operates its own fund, receiving overflow from its residents. This model preserves national control and aligns with existing SWF infrastructure. However, it may lead to disparities across jurisdictions and does not address global public goods.

A global or regional fund: Overflow from all participants flows to a single fund governed by an international body. This model facilitates redistribution and funding of global public goods (climate, health, peacekeeping) but raises governance challenges: which countries control the fund, and how are spending decisions made?

Mixed model: A portion of overflow flows to national funds, with a share allocated to a global fund. This balances national prerogatives with collective action on global challenges.

The mixed model appears most politically feasible. National funds receive the majority of overflow, preserving sovereignty, while a smaller share supports a global facility focused on narrowly defined public goods with clear international spillovers.

6.2 Governance of Public Capital Vehicles

Governance provisions aim to prevent capture and ensure legitimacy:

Independence: Fund boards are appointed through staggered terms and include independent experts, not active politicians. Removal requires supermajority votes, insulating managers from short-term political pressure.

Transparency: Holdings, returns, and transactions are published quarterly. Annual audits by independent firms and legislative oversight committees provide accountability.

Anti-capture provisions: Board members and staff are subject to conflict-of-interest rules, cooling-off periods before and after employment, and asset disclosure requirements.

Investment mandate: Funds invest in diversified portfolios with long-term horizons. Exclusions for weapons, tobacco, and firms violating environmental or labor standards are permissible if transparently defined.

6.3 Spending Rule

A sustainable spending rule preserves principal while funding current expenditures. Following the Norwegian model, spending is limited to the expected real return on assets:

$$S_t = r \cdot A_{t-1} \tag{6}$$

where S_t is spending in period t, r is the expected real rate of return (conventionally set at approximately [PLACEHOLDER][6] percent), and A_{t-1} is the fund's asset value at the end of the prior period.

This rule ensures that the fund's real value is preserved indefinitely, providing a permanent income stream. Spending may fund dividends to citizens, public investment, or transfers to social programs, as determined by legislative appropriation subject to the spending cap.

To avoid inflationary pressure, dividend payments or public expenditures should be phased in gradually and designed to augment rather than replace existing fiscal capacity. Empirical evidence from the Alaska Permanent Fund dividend suggests that moderate per-capita transfers do not generate significant inflation, though larger-scale programs would require careful macroeconomic management.

7 Economic Effects and Mechanisms

This section analyzes the proposal's effects on innovation, capital formation, labor markets, asset prices, and political economy.

7.1 Innovation and Entrepreneurship Incentives

A common objection holds that a wealth ceiling would reduce incentives for entrepreneurship and innovation. The countervailing arguments are as follows:

First, the ceiling is set at a level far exceeding what is necessary to motivate effort. Behavioral research on motivation suggests that beyond a threshold, additional financial rewards have diminishing effects on performance [Ariely et al., 2009]. A ceiling of [PLACEHOLDER][7] still permits accumulation of substantial fortunes.

Second, entrepreneurs are motivated by factors beyond personal wealth: achievement, status, impact, and autonomy. Many successful founders continue working long after their financial needs are met. A ceiling does not eliminate these motivations.

Third, the current system may actually reduce dynamism by enabling incumbents to entrench their positions. If large fortunes facilitate political capture and anticompetitive behavior, a ceiling could enhance rather than reduce competition and innovation by leveling the playing field for challengers.

7.2 Capital Formation and Investment

Wealth transferred to public funds does not disappear; it is invested in capital markets. The aggregate capital stock is unaffected by the ceiling; only its ownership composition changes. Private wealth above the cap becomes public capital, earning returns that fund public purposes.

[6] Data to be inserted.

[7] Level to be specified.

One concern is that public funds may invest less efficiently than private owners. Evidence from well-governed SWFs suggests this concern is overstated: funds with clear mandates and professional management achieve returns comparable to private institutional investors [Clark and Monk, 2013]. Governance provisions proposed above aim to ensure that public funds meet this standard.

7.3 Labor Markets and Bargaining Power

Reduced wealth concentration may shift bargaining power toward workers. Extremely wealthy individuals and families can sustain long labor disputes, fund union-busting campaigns, and relocate operations to low-wage jurisdictions. A ceiling limits these capacities, potentially improving labor's relative position.

Additionally, if public funds provide universal dividends or expanded social insurance, workers' reservation wages rise, further strengthening bargaining power. The net effect depends on the magnitude of transfers and the elasticity of labor supply.

7.4 Asset Prices and Volatility Management

A binding wealth ceiling requires individuals to divest assets when their portfolios exceed the cap. Large, sudden sales could depress prices and create volatility. Several design features mitigate this risk:

Phased implementation: The ceiling is introduced over a transition period (e.g., [PLACEHOLDER][8] years), during which thresholds rise gradually to their final level. This allows affected individuals to plan divestment and avoids a sudden glut of assets.

Diversified purchase: Public funds acquiring overflow assets do so over time and across asset classes, avoiding concentration.

Market-making provisions: If necessary, public funds can act as buyers of last resort, smoothing price adjustments.

Historical experience with large-scale asset transfers (e.g., privatization, pension fund accumulation) suggests that markets can absorb substantial shifts in ownership if managed gradually.

7.5 Political Economy Effects

The primary intended effect is reduced political capture. With fewer resources available to influence elections, lobbying, and media, the ultra-wealthy would exercise less power over policy. Democratic institutions would become more responsive to median-voter preferences.

A countervailing risk is institutional sclerosis. If public capital vehicles are poorly governed, they could become sites of patronage or politicized investment. The governance provisions above aim to minimize this risk, but vigilance is required.

Another concern is that reduced private philanthropy could harm civil society. Many cultural, educational, and social institutions depend on donations from wealthy individuals. However, public

[8] Duration to be specified.

funds could allocate resources to similar purposes through transparent grant-making processes, potentially with broader input and less idiosyncratic priorities.

8 Objections, Evasion, and Failure Modes

No policy is immune to evasion or unintended consequences. This section addresses leading objections and proposes mitigations.

8.1 Evasion Strategies

Shell companies and trusts: Beneficial ownership registries, already mandated internationally, address this concern. The key is enforcement: jurisdictions that fail to maintain accurate registries face sanctions.

Offshore holdings: Automatic information exchange under the CRS provides visibility into cross-border assets. Non-participating jurisdictions are subject to escalating penalties, reducing the attractiveness of offshore strategies.

Valuation manipulation: Formulaic valuation methods for illiquid assets reduce discretion. Independent appraisal options, with penalties for substantial undervaluation, provide checks. Art and collectibles pose challenges; conservative valuations with periodic reappraisal and presumptive appreciation rules limit gaming.

Cryptocurrency: On-chain assets are inherently transparent once wallet ownership is established. Regulations requiring exchanges and custodians to report beneficial ownership, combined with chain analysis, enable enforcement. Privacy-preserving cryptocurrencies pose residual challenges but represent a small fraction of total wealth.

Renunciation of citizenship: Individuals who renounce citizenship to avoid the cap would face exit taxes on unrealized gains and continued reporting obligations for a transition period. Participating jurisdictions would not admit former citizens seeking to avoid the regime.

8.2 State Capture of Public Funds

If public capital vehicles are captured by political factions, they could become instruments of patronage rather than public benefit. Mitigations include:

Strong governance provisions: Independent boards, transparency requirements, and external audits create accountability.

Spending rules: Limiting spending to real returns prevents rapid depletion that might accompany capture.

International oversight: A treaty-level commitment to governance standards, with monitoring by an international body, provides external discipline.

8.3 Talent and Capital Flight

If the coalition is incomplete, wealthy individuals and capital may relocate to non-participating jurisdictions. The minimum viable coalition must be large enough to make relocation costly: losing access to major markets, financial systems, and professional networks would deter most.

Exit taxes on unrealized gains at departure reduce the benefit of flight. Continued reporting obligations for former residents close loopholes. And sanctions on non-cooperating jurisdictions raise the cost of harboring evaders.

8.4 Limitations

This proposal does not address several related challenges. It does not directly constrain corporate power independent of individual wealth; large corporations with dispersed ownership may still exercise political influence. It does not address inherited privilege that operates through non-financial channels (education, networks, social capital). And it depends on effective governance of public funds, which cannot be guaranteed.

Additionally, the political feasibility of enacting such a regime is uncertain. The very actors who would be constrained possess disproportionate influence over the policy process. Implementation therefore depends on mobilization of countervailing political forces sufficient to overcome opposition.

9 Implementation Roadmap

This section outlines a phased approach to implementation, identifies a pilot coalition strategy, and proposes metrics for evaluation.

9.1 Phasing

Implementation proceeds in three phases over approximately [PLACEHOLDER][9] years:

Phase 1: Treaty negotiation and legal infrastructure (years 1–3). Participating jurisdictions negotiate the treaty framework, establish common definitions, and enact enabling legislation. Beneficial ownership registries are upgraded to meet reporting requirements.

Phase 2: Gradual introduction of ceiling (years 4–7). The ceiling is introduced at a high initial level (e.g., [PLACEHOLDER][10]) and lowered annually to its final target. This phasing allows affected individuals to plan divestment and minimizes market disruption.

Phase 3: Full implementation and ongoing enforcement (year 8 onward). The ceiling reaches its target level. Enforcement mechanisms operate at full capacity. Public funds receive ongoing inflows and begin distributing returns according to spending rules.

[9] Duration to be specified.
[10] Level to be specified.

9.2 Pilot Coalition Approach

Rather than seeking universal participation from the outset, a coalition of willing jurisdictions can establish the regime and expand over time. The initial coalition should include:

Major economies with significant shares of global wealth (e.g., United States, European Union, China, Japan).

Jurisdictions with strong rule of law and administrative capacity.

Countries with political leadership committed to addressing inequality.

A G20-based coalition would cover the vast majority of global wealth and possess the economic leverage to impose costs on holdouts. Expansion to additional jurisdictions would follow as the regime demonstrates effectiveness and non-participants face mounting pressure.

9.3 Metrics for Evaluation

The regime's success should be assessed against multiple dimensions:

Inequality metrics: Wealth shares of top percentiles, Gini coefficients, ratios of top to median wealth.

Political capture proxies: Correlation of policy outcomes with elite preferences versus median preferences; lobbying expenditures as a share of GDP; concentration of media ownership.

Competition indicators: Market concentration indices; business entry and exit rates; markup trends.

Housing and asset affordability: Housing price-to-income ratios; share of households priced out of ownership.

Governance quality: SWF governance scores; public trust in fund management; audit findings.

Regular reporting on these metrics enables adaptive management: provisions can be adjusted if goals are not being met or if unintended consequences emerge.

Table 1: Design Options for a Global Wealth Ceiling

Design Element	**Options**	**Pros**	**Cons**
Cap Level	$500M, $1B, $2B	Lower cap limits power more effectively; higher cap reduces compliance burden and political resistance	Lower cap may reduce incentives; higher cap permits more concentration
Enforcement	National agencies with treaty coordination vs. international agency	National agencies leverage existing infrastructure; international agency provides uniformity	National variation may permit arbitrage; international agency faces legitimacy challenges
Overflow Destination	National SWFs only vs. mixed national/global	National funds preserve sovereignty; mixed model funds global public goods	National-only may entrench inequalities; global fund governance is complex
Transition Period	5, 10, or 15 years	Longer period reduces market disruption; shorter period accelerates benefits	Longer delays benefits; shorter may cause volatility
Founder Treatment	Immediate divestment vs. extended phase-out	Immediate maximizes constraint; phase-out reduces disruption	Immediate may harm firms; phase-out delays constraint

Figure 1: Wealth Ceiling and Public Capital Flow

[PLACEHOLDER FOR CONCEPTUAL DIAGRAM]

This figure illustrates the proposed mechanism: (1) Private wealth accumulates through entrepreneurship, investment, and inheritance. (2) Upon reaching the ceiling, overflow wealth is automatically transferred to public capital vehicles. (3) Sovereign wealth funds invest overflow in diversified portfolios. (4) Real returns fund citizen dividends and public goods. (5) Visible benefits create legitimacy feedback, sustaining political support for the regime.

Flow: Wealth Accumulation → Cap Threshold → Automatic Overflow → SWF Investment → Dividends/Public Goods → Democratic Legitimacy → Regime Stability

Figure 1: Conceptual diagram of the wealth ceiling mechanism.

10 Conclusion

This paper has proposed a global wealth ceiling as an institutional mechanism to contain private sovereign power while preserving incentives for wealth creation. The core insight is that beyond some threshold, private wealth enables its holders to exercise influence that rivals or exceeds that of democratic governments. Existing instruments—progressive taxation, antitrust, campaign finance regulation—have proven inadequate to this challenge. A ceiling that redirects overflow wealth to publicly governed funds offers a structural alternative.

The proposal is not punitive. It treats extreme wealth as a systemic outcome of institutional choices, not as evidence of individual wrongdoing. The objective is containment, not condemnation: to bound the private accumulation of power while preserving the ambition, risk-taking, and innovation that drive economic dynamism.

Key design features include comprehensive coverage of beneficial ownership, mark-to-market valuation with dispute resolution, enforcement through international treaty with sanctions for non-cooperation, and governance of public funds designed to resist capture. A phased implementation with a pilot coalition of major economies provides a realistic pathway.

Significant challenges remain. Evasion is inevitable and requires ongoing enforcement. Governance of public funds must be sustained over decades. Political feasibility depends on overcoming the concentrated opposition of those who would be constrained. And the proposal does not address all dimensions of inequality or private power.

Several questions warrant further research. What is the optimal cap level, balancing incentive preservation against power limitation? How do different governance structures for public funds perform under stress? What coalition configurations are sufficient to sustain the regime against defection? How do asset prices adjust during implementation, and what transition provisions best manage volatility?

The broader point is institutional. Democratic governance and competitive markets require ongoing maintenance. Left unchecked, economic power converts to political power, which entrenches further economic advantage in a self-reinforcing cycle. A wealth ceiling interrupts this cycle, preserving the conditions under which democratic choice and market competition can function. The ambition is not to eliminate wealth, but to ensure that private fortunes remain private—powerful in the marketplace, but bounded in the polity.

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