

Do successful business people benefit others when making their money, when spending it, both, or neither?

Imagine a world where the rise of every successful business person directly improves the lives of countless others across the globe. Does the wealth amassed and spent by successful business people truly trickle down to benefit society at large, or does it simply consolidate power and resources into the hands of a few? When considering whether successful business people benefit others when making or spending their money defining what “benefit” entails is crucial. The impact of the activities of successful business people can be examined through economic, societal, political, and cultural lenses. “Making money” refers to any process through which people generate wealth, while “spending” encompasses how they use their wealth, including personal consumption, philanthropy, and government donations. Through this essay I will explore how successful business people benefit others in both these processes, arguing that while their actions can generate significant economic and societal benefits, these impacts often vary in depth and may sometimes be ineffective in the long- run.

Firstly, for any economy to function effectively, the role of business in generating wealth and creating jobs is significant. Successful business people contribute to economic growth by establishing and expanding companies, which in turn create employment opportunities. This job creation is crucial as it provides individuals with income, improves their living standards and enables them to participate actively in the economy. The supply and demand curve in labour markets illustrates this dynamic. When a business expands and increases the demand for labour, it shifts the demand curve to the right, leading to higher employment and potentially higher wages.

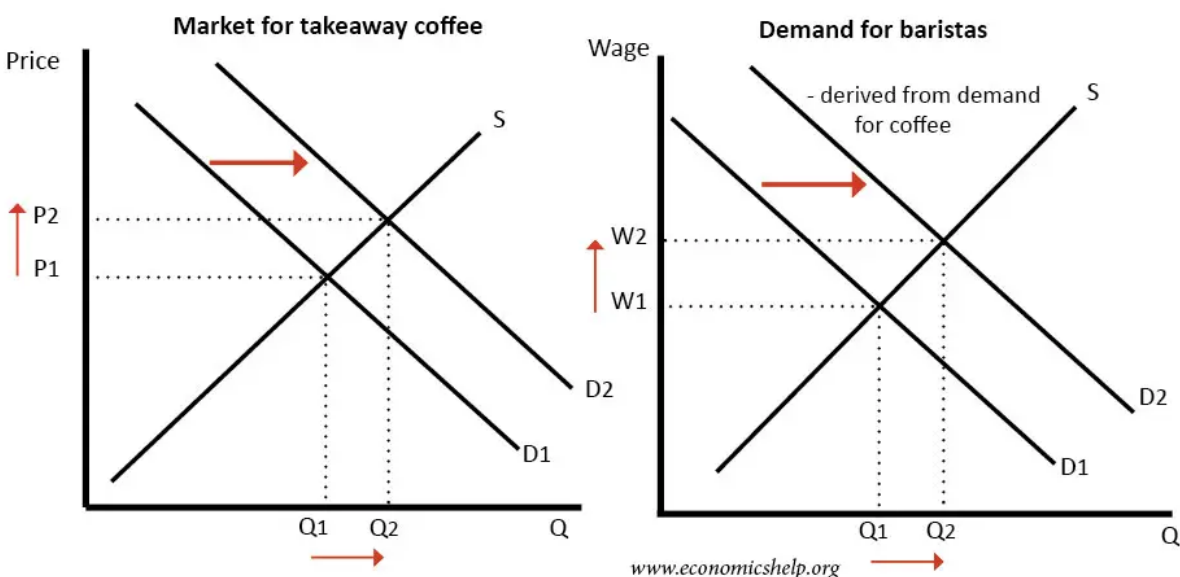


Figure 1ⁱⁱ : How an extension in the quantity supplied and increased demand for coffee impacts wages of baristas.

As shown in Figure 1, the graph illustrates how the success and expansion of takeaway coffee services like Starbucks affect the wages of baristas. When more Starbucks outlets and similar takeaway coffee services open, the quantity demanded for coffee increases due to the convenience and accessibility these outlets provide. This increased demand is represented by a rightward shift of the demand curve from D_1 to D_2 . There is also an extension in supply as there is a movement from the equilibrium point of P_1 and Q_1 to P_2 and Q_2 . This price increase occurs because the supply takes time to catch up with the sudden surge in demand, creating a temporary shortage that drives prices up. With increased revenues, businesses like Starbucks have more financial resources available to offer higher wages to retain their baristas as shown by the movement from W_1 to W_2 and even hire more baristas to, increase employment levels.

Recently, Emirates and Singapore Airlines have decided to offer an eight -month bonus toⁱⁱⁱ their employees after their increased profit this last financial quarter. As airlines that position themselves as a luxury service this helps them retain high quality service which benefits not only the airline and its employees but also the customers as their desire for a luxury airline service is being fulfilled. However, employers haven't been proven rational so they may discriminate against workers of a certain race and not offer them benefits while making their money. But the opportunity cost of spending that retained profit on increasing wages instead of increasing production or the value of the owner's shares might prompt some employers to use it for these purposes.

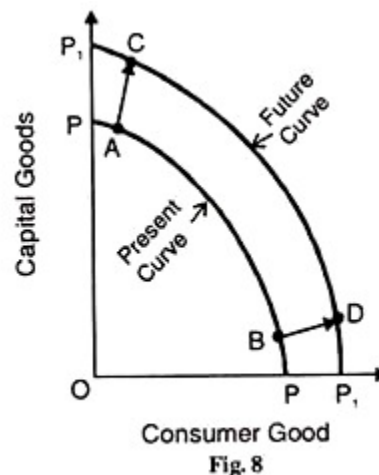
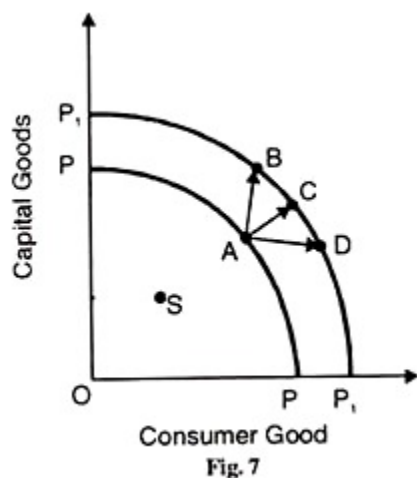


Figure 2: Illustrates a rightward shift in PPC curve after technological advancements^{iv}

Moreover, the innovations brought about by successful business people drive productivity and efficiency, which are essential for economic advancement and providing essential services to people. The production possibility curve (PPC) useful for illustrating this point. As shown in Figure 2 technological advancements lead to a rightward shift in the PPC from point A to points B C and D, showing that the economy can produce more consumer goods as well as capital goods and services with the same resources. For instance, technological advancements in

manufacturing sectors such as the car industry enable businesses to increase output while reducing costs in the long - run. This leads to lower prices for consumers and allows resources to be reallocated to other sectors, further driving economic growth.

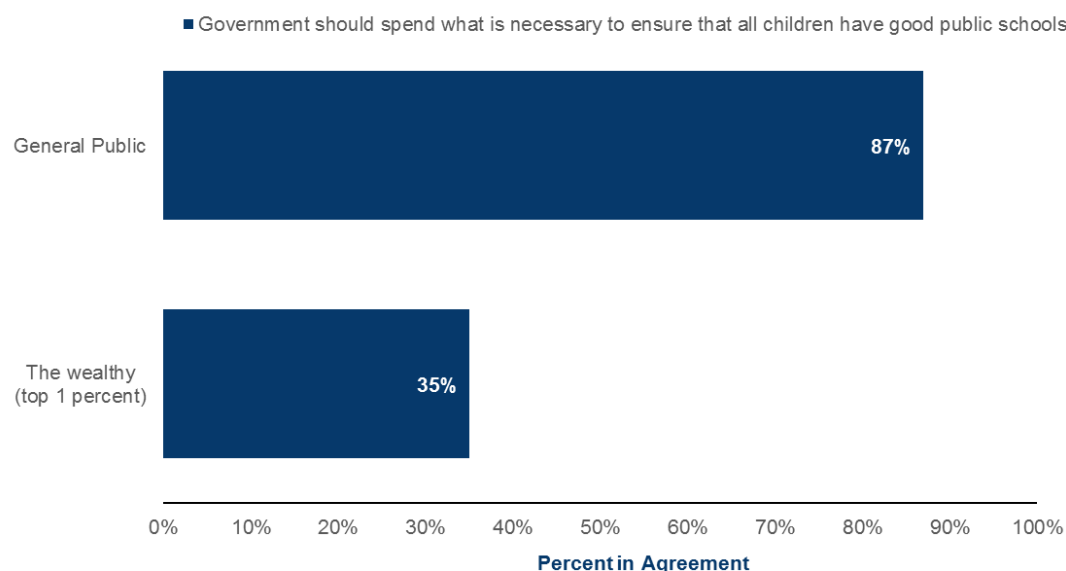
However, these benefits are not entirely beneficial to others. Innovation can lead to job displacement, particularly in sectors prone to automation such as the textile industry. Traditional forms of art such as Rogan Art in India that had been passed on through centuries have been dying industries^v since big corporations such as Reliance have been dominating the market offering the same designs for lower prices. As portrayed in the video by Business Insider this rapid economic growth not only leads to a loss of income for the artisans but also the decline of a priceless cultural tradition for the country.

Furthermore, the type of good or service these successful business people earn their money through or endorse is significant in determining whether it benefits others. ITC Limited is India's historical leading tobacco and cigarette company led by many successful business people. Over the years they have diversified into many fields such as the hospitality industry and hired over 36,500 workers that help provide various services as well as goods to consumers^{vi}. However, because their core business is selling de-merit goods that contain addictive substances, such as cigarettes, alcohol, and junk food, this deteriorates the health of the population and makes the workforce less productive. This not only has a negative impact on the economy as a whole but also puts pressure on the healthcare system, leading to an increased need for finances from taxpayers.

Along with this many businesses run by successful business people are built on the exploitation of workers. An example of such a prominent cooperation is Apple which has been accused of allegedly running sweatshops in countries with lower standards of labour laws. In a 2010 report it was found that many of Apple's factories across China hired workers under the age of 16, who are essentially child labourers. Besides this the factories allegedly have poor working conditions and pay their workers an unliveable wage of US\$2.76 to US\$2.90 per hour. Considering the business had made profits of 96.99 billion U.S. dollars in its 2023 fiscal year, it has enough funds to pay their workers ethical wages. The contrast between the immense profits and the poor treatment of workers in other supply chains reveals a profound hypocrisy.

When spending their wealth, successful business people often engage in philanthropy donating to charitable organisations. Such philanthropic efforts can significantly improve social welfare by providing essential resources to the general public. For instance, Bill Gates, the founder of Microsoft, through the Bill and Melinda Gates Foundation has allegedly donated more than \$50 million to take a step in eradicating inequality.^{vii} The organisation mainly funds scientists and researchers to continue their studies and helps provide services and goods that are affordable to people who live in developing countries such as Nigeria and India.^{viii} Though these donations and the work being done by the organisation is positively impacting the people who live in these countries as it increases their purchasing power, it is still a minimal amount - as the population of these countries are so vast and the donations are not very impactful.

Moreover, the intentions behind the philanthropic efforts of Bill Gates and other successful business people may be questionable. Successful business people often convert their “billionaire activism”^{ix} to gain political power or influence. Darryl West’s research showed how most of the population in the United States of America believes that the government “should ensure that children have good schools”, only one-third of the richest believe in this. The wealthy have the ability to afford the luxury of sending their children to the best private schools, which is why the public school system may not matter to them. Additionally, despite their advocacy for equality and access to education for all, successful business people would evidently prefer the government to allocate budgets towards initiatives that benefit them directly. Gates is known for trying to lead fields such as malaria research and health metrics worldwide, which many consider a way through which he’s trying to create a destructive monopoly.^x If he successfully manages to become a monopoly power in a pivotal field such as healthcare, it can have detrimental impacts on people worldwide as the provision of the service would lie in the hands of one person.



Source: Darryl West, *Billionaires: Reflections on the Upper Crust*, p. 10.

BROOKINGS

Figure 3: What the top 1% of Americans and the general public on the matter of whether the government should spend what is necessary to ensure that all children have good public schools^{xi}

Similarly to Gates, some of the other most successful business people in the world such as Jeff Bezos, and Mark Zuckerberg have also turned their massive fortunes into extensive political power through philanthropy. By using their wealth, they sponsor politicians to remake climate policy, reshape American public schools, and influence the debate over how we regulate AI.^{xii}

Do we really want these successful business people to significantly impact how we lead our lives, primarily when their actions are driven by self-interest? They use their philanthropy as a facade to obscure the tax benefits they receive as most of them have corporations set up in countries that don't charge tax and are known as "tax havens". According to leaked tax returns uncovered in an investigation, the 25 richest Americans paid \$13.6 billion in taxes from 2014-2018 making it a tax rate of just 3.4% on an income of \$401 billion.^{xiii} By paying such little tax, the tax burden on the general public increases and spending on areas like the country's public goods gets compromised, leading to a poor standard of living and an increased wealth gap. This creates a false perception in the public's mind about the "good work" successful business people do.

Additionally, the money spent by successful business people on personal consumption, whether a private plane or a wedding, can be viewed as both beneficial and disadvantageous to people. This year, Mukesh Ambani, an Indian billionaire, held a grand pre-wedding ceremony for his son in Jamnagar, Gujarat. Successful business people and global entertainers from all over the world were invited to celebrate this grand occasion. He reportedly spent over \$135 million on the wedding¹. On one side, such lavish spending can boost a small town like Jamnagar's local economy by creating temporary jobs and increasing demand for services like hospitality and transportation. However, it can also be seen as an extravagant display of wealth that highlights economic disparities and may raise questions about resource allocation in a country with significant poverty levels.^{xiv}

In conclusion, though successful business people benefit others directly and indirectly by making and spending their money, their impact is sometimes misrepresented by the media, and often exaggerated or portrayed inaccurately. To get to the level of success that they've achieved, it is crucial not to undermine that one of the main reasons why they're successful is because they've put their self-interest first. As analysed through the essay, this could benefit some while causing harm to others and their surroundings.

Endnotes

- Format: Author, Title, Publishing Company, Date Published (DP), URL, Date accessed (DA)

**Some author's names and dates of publication are not available

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