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Of Fortunes and Fortune: Justice and the Variety of Inputs to Wealth

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Many Americans believe that a free market economy effectively rewards its participants their just deserts. This is so, it will be said, because in a free market hard workers will earn more than lazy workers, and entrepreneurs with good ideas will fare better than entrepreneurs with lousy ideas. On this way of viewing things, government interferences in market outcomes are unjust, since such interferences presumably take away money from people who deserve it and give money to people who do not deserve it. According to this view, then, justice requires a "hands off" approach to market outcomes—in short, justice requires a "laissez-faire" economic system.

In this article, I criticize this view. I argue instead that interferences with market outcomes needn't trespass on deserts, and that some forms of interference, far from being unjust, are in fact required by justice in order to provide all citizens with secure access to a life of dignity. In particular, I will argue that justice requires a publicly funded "social safety net" consisting of programs such as unemployment insurance, state-supplied pensions for the elderly (e.g. Social Security), measures to ensure that health care is affordable, public primary and secondary schools, financial aid for higher education, food vouchers for those with food insecurity, child protective services, and the like.

My reply to the laissez-faire defender, in essence, is this: well-off people who complain that it is wrong to tax them in order to fund a social safety net are overlooking a key fact, namely, they are overlooking the fact that their prosperity was not wholly self-made. Instead, their prosperity is *in part* due to their unearned good fortune of living in a prosperous society, and a social safety net is a way of ensuring that this good fortune is shared among all those people who contribute to that society, and who are thereby deserving of some of this good fortune. Here in summary form is the structure of my argument:

1. A well-off individual's economic prosperity requires a functioning social order.
2. A functioning social order is a joint project of "We the People."

3. A market social order without a publicly funded "social safety net" leaves some contributors to this joint project without secure access to a life of dignity.
4. Citizens who contribute their part to this joint project deserve to share in the economic prosperity it creates, at least to the extent of having secure access to a life of dignity.
5. It is an injustice for a person to lack what he or she deserves.

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6. Thus, absent a publicly funded safety net, a well-off individual's economic prosperity comes at the expense of injustice to those at the bottom of society.

This article will proceed by examining and defending the premises of this argument one by one. It will end by considering and rebutting potential challenges to the argument.

Premise 1: A well-off individual's economic prosperity requires a functioning social order.

A person who lives apart from society in the manner of a Robinson Crusoe will not become wealthy. Nor will a person who lives in a situation of significant societal breakdown—for instance, violent anarchy, civil war, widespread corruption, or any other situation in which stable and rule-governed social institutions (including government institutions) are lacking. To ape the common quip that "It takes a village to raise a child," we might also say that "It takes a social order to raise a fortune." In truth, this is a point of elementary common sense, but it is a point that it is easy to overlook. Thus, to make it as intuitively vivid as possible, I wish to consider a thought experiment that makes the point in dramatic fashion.

The American social thinker E. J. James (who also served as president of the University of Illinois from 1904-1920) in 1886 argued that society, in the form of the state, is always a silent partner in economic production, so that no one's success is truly self-made. His central idea was a "switched at birth" thought experiment, formulated thusly:

> To test the relative productivity of the state and the individual, compare the fortune accumulated by Cornelius Vanderbilt in America with what he

> might have accomplished had he been adopted when an infant by a family of Hottentots.[1]

"Hottentots" referred to a pastoral people living in southern Africa, now more properly called the "Khoikhoi" people. This thought experiment was not intended to disparage the people of southern Africa (though we must frankly admit it risks doing just that); it could have been formulated just as well in terms of any of a number of non-African societies. Its point is simply that a wealthy person's success is not *all* due to his or her own hard work. Instead, even if a person's tremendous wealth does come from hard work (and not from inheritance or nepotistic hiring, say), it is still a case of that person working hard *within the matrix of opportunities that his or her society offers to its members*, in the form of a peaceful and prosperous economic system. Without that social input from society, an individual's hard work would not produce such tremendous gains. Thus, Cornelius Vanderbilt's wealth was due to his own work *plus* the economic opportunities afforded him by the physical, educational and technological capital of the U.S., and most importantly of all, by the stable governing institutions in the U.S.

Writing a generation later in his 1911 book *Liberalism*, the British philosopher L. T. Hobhouse expressed the same point as James. It is worth quoting from Hobhouse at length, as I cannot improve on his words myself:

> [People] forget that without the organized force of society their rights are not worth a week's purchase. They do not ask themselves where they would be without the judge and the policemen and the settled order which society maintains. The prosperous business man who thinks that he has made his fortune entirely by self help does not pause to consider what single step he could have taken on the road to his success but for the tranquility which has made commercial development possible, the security by road and rail, and sea, the masses of skilled labour, and the sum of intelligence which civilization has placed at his

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[1] Edmund J. James, "The State as an Economic Factor," *Science* 7:173 (1886), p. 488.

> disposal, the very demand for the goods which he produces which the general progress of the world has created, the inventions which he uses as a matter of course and which have been built up by the collective efforts of generations of men of science and organizers of industry. If he dug to the foundations of his fortune he would recognize that, as it is society that maintains and guarantees his possessions, so also it is society which is an indispensable partner in its original creation.[2]

Given the obviousness of this point by James and Hobhouse, it would be surprising indeed if there were not others at other times who made this same point. And indeed there are, past and present. A present quotation comes from Warren Buffet, who is the third richest person in the world in 2015, according to Forbes magazine.[3] In a television interview given in 1995, Buffet echoed James's point from a century earlier by saying,

> I personally think that society is responsible for a very significant percentage of what I've earned. If you stick me down in the middle of Bangladesh or Peru or someplace, you find out how much this talent [viz., his investment skill] is going to produce in the wrong kind of soil.[4]

The earlier quotation comes from Thomas Paine, an American "Founding Father" and political philosopher, who wrote the following in his 1797 pamphlet *Agrarian Justice:*

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[2] L. T. Hobhouse, *Liberalism and Other Writings* (James Meadowcroft , ed.) (Cambridge University Press, 1994), pp. 91-2.

[3] See http://www.forbes.com/sites/chasewithorn/2015/03/02/forbes-billionaires-full-list-of-the-500-richest-people-in-the-world-2015/ [accessed Sept. 28, 2015]

[4] "Warren Buffett Talks Business," Center for Public Television, University of North Carolina, Chapel Hill, 1995. Quoted at http://www.morethanmoney.org/articles.php?article=Wealth-We-Didnt-Get-Here-On-Our-Own_330 [accessed Sept. 28, 2015]

> Separate an individual from society, and give him an island or a continent to possess, and he cannot acquire personal property. He cannot be rich. So inseparably are the means connected with the end, in all cases, that where the former do not exist the latter cannot be obtained. All accumulation, therefore, of personal property, beyond what a man's own hands produce, is derived to him by living in society; and he owes on every principle of justice, of gratitude, and of civilization, a part of that accumulation back again to society from whence the whole came.[5]

Significantly for my purposes in this article, on the basis of the point just quoted, Paine recommends the construction of a tax-funded social safety net, in the form of pensions for the elderly, disability support, and financial grants to young people to help them get started in life. Moreover, he was one of the first thinkers to propose a feasible scheme for a social safety net, guaranteed as a matter of law rather than dependent on private acts of charity. The timing of this proposal was surely no accident, for Paine's pamphlet appeared around the time that the then-new Industrial Revolution was beginning to influence social and political thought. (The first recorded usage of the phrase "Industrial Revolution" dates from 1799.[6]) Paine was among the earliest thinkers to sense that then-current changes to the ways of economic production called for new forms of government. He perceived that ideas of limited government which perhaps once made sense in an agrarian, largely pre-industrial America needed to give way to new ideas fashioned for a world containing multitudes of workers in industrial settings.

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[5] Thomas Paine, *Agrarian Justice* (available online at https://www.ssa.gov/history/paine4.html) [accessed Sept. 28, 2015].

[6] Roy Porter and *Mikuláš Teich, The Industrial Revolution in National Context: Europe and the USA*. (Cambridge: Cambridge University Press, 1996). p. 45. Quoted in Wikipedia, "Industrial Revolution" (https://en.wikipedia.org/wiki/Industrial_Revolution) [accessed October 1, 2015].

Paine's insight has only grown more relevant, as we have moved even farther away from an economy of independent yeoman laborers working the soil. It should now be clear that an individual's prosperity depends not just on his or her own talents and effort, but also on such social factors as (1) the prevailing levels of education, technology, and wealth in one's society; (2) the effectiveness of government at such tasks as safeguarding rights (including property rights), protecting the environment, stabilizing the economy (e.g. controlling the money supply), and investing in infrastructure (e.g. highways and utilities) and other public goods; and (3) the "cultural capital" of one's society, that is, the internalized value system prizing cooperation and trust, which ensures that the daily interactions of millions of one's fellow citizens are by and large peaceful.

Premise 2: A functioning social order is a joint project of "We the People."

Constructing a functioning social order is no easy task. Failed "state building" efforts in recent years in Iraq and Afghanistan hint at the difficulties. Removing a tyrant is not enough; that is comparable to lancing a boil, whereas state building is more like evolving an entire organism. A modern functioning social order typically involves millions of residents internalizing social rules and conventions in ways that mesh together to support stable and effective institutions—institutions that together define family relations, economic relations, and government relations (what John Rawls calls "the basic structure of society").[7] This is not to deny that institutions can be deliberately reformed or extended. It *is* to say though that institutional reform or extension, when it happens successfully (e.g., the creation of Social Security in 1935), in all but the rarest of cases results from the actions of already existing social institutions (in particular, governing institutions). Thus an "institutional infrastructure" is a vital element of a functioning social order.

All of this suggests that it is a fantasy to believe, as self-styled "anarcho-capitalists" profess to believe, that large numbers of individuals pursuing their self-interest in the absence of

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[7] John Rawls, *A Theory of Justice,* rev. ed. (Cambridge, MA: Belknap Press, 1999), pp. 6-10.

authoritative social institutions could achieve a peaceful and prosperous co-existence.[8] According to anarcho-capitalism, if a person has a need, then he or she will usually be willing to pay to have that need met, thus creating financial incentive for economic agents in a free market to supply the need, with the most efficient supplier reaping the largest financial rewards. And since people need judicial services and security services, the anarcho-capitalist concludes that the free market will efficiently supply judicial and security services. It is easy to see where this rosy picture goes wrong. Among its many faults, one chief problem with anarcho-capitalism is especially relevant to my purposes here. This problem consists of the fact that multiple, competing firms are inimical to the effective and efficient delivery of judicial and security services. In the case of *justice*, a private judicial service firm will offer (for a fee, of course) to adjudicate disputes with reference to rules that the firm has developed. This will be defective on two grounds: First, private firms' judgments will too often lack impartiality (judgments are more likely to favor potentially higher-paying customers). Second, and most crucially, the judgments will lack finality, since there will be multiple competing rule sets in sway in the society—potentially as many rule sets as there are competing judicial services firms. In the case of *security*, the defect is even more obvious: competing security firms may find it profitable to use violence against each other. The problem in each case is that ultimately, each firm represents the interests of its owners (whether shareholders or private owners) first and foremost. They do not represent *We the People*.

In contrast to this dysfunctional anarcho-capitalist picture, according to which there is no such thing as society but rather just individuals pursuing their self-interest, a functioning social order exists because members of *We the People* internalize rules that lead them to restrain their pursuit of self-interest in countless ways. They support political institutions (by voting, paying taxes, fulfilling jury duty), they comply with the outcomes of political

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[8] For some representative defenses of anarcho-capitalism, see Murray Rothbard, *For a New Liberty: The Libertarian Manifesto* (Ludwig von Mises Institute, 1973); David D. Friedman, *The Machinery of Freedom: Guide to a Radical Capitalism* (Harper and Row, 1973); and Michael Huemer, *The Problem of Political Authority* (Palgrave MacMillan, 2013).

institutions (policies, laws) even when alternative outcomes would have better promoted their interests; they settle disputes peacefully (albeit sometimes with the legal machinery of lawsuits); they are (within limits) willing to make sacrifices for the common good; they are willing to interact with strangers on a footing of mutual respect; and they are willing to pursue their own economic interests without theft or fraud or violence. Of course, there are those who violate these norms, but they are the exceptions against a background of widespread compliance. Without such compliance—without the countless, daily contributions of social trust, social tolerance, concern for the common good, peaceful conflict resolution, and respect for law—a functioning social order is impossible.

These essential contributions of present day fellow citizens are my reasons for saying a functioning social order is a joint project of "We the People." Additionally, let us note that "We the People" extends through time, to include one's past and future fellow citizens. It is not the case that each generation starts from scratch and creates its governing institutions anew. Rather, each generation is bequeathed a set of institutions which it then adapts and/or builds upon. This fact of past contributions of one's fellow citizens, when set alongside the need for present day contributions of one's fellow citizens, dramatically illustrates the truth of my claim that no one's success is wholly self-made.[9]

Premise 3: A laissez-faire market social order without a publicly funded "social safety net" leaves some contributors to this joint project without secure access to a life of dignity.

Among the jobs that need doing in the joint project of maintaining a social order are many low-skilled jobs: shelves must be stocked,

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[9] By contrast, of course, *future* citizens who do not yet exist are not causally responsible for one's success (or for anything else!). However, so long as one wishes to be a steward of the social institutions that one has inherited—and not a mere exploiter of these institutions for one's private gain—then one will recognize a duty of passing on healthy institutions to the next generation. This duty will include being sure that the next generation is capable of sustaining these institutions. Part of the rationale of a social safety net is to assist in rearing the next generation so that it is thus capable.

floors cleaned, cash registers operated, bedpans emptied, hotel sheets changed, delivery vans driven, etc. Without such jobs there would be no prosperous social order. And yet, since low-skilled jobs are typically low-paid jobs, contributors who perform these jobs face the threat of poverty. Low-skilled jobs will not pay well, for the simple reason that *many* people have the skills to do the job, or can quickly learn them. As a result, any given low-skilled employee is in a weak bargaining position; should he or she insist on high wages, the employer can simply hire someone else to do the job.

This is a problem inasmuch as workers with low earnings will lack secure access to a life of dignity. By a "life of dignity," I mean a life of which the following are true:

- You have adequate opportunity to meet your basic needs.
- You have at least a tolerable degree of control over the shape of your life.
- Your moral equality is recognized (there is no "second-class citizenship").

Admittedly, this is a rough and ready characterization.[10] A full account of a life of dignity would of course have to specify what counts as "adequate opportunity" to meet your basic needs and what counts as a "tolerable degree of control" over the shape of your life. (The latter notion is meant to signify that you have some significant control over key decisions: what type of job you seek; where to call home; whether, when, and whom to marry; whether to have children, and if so, how many; what hobbies to pursue and what groups to join; what religion, if any, to espouse; what beliefs to hold and express; etc.) However, it is enough for my purposes that wherever the precise place to draw the two lines of "adequate opportunity" and "tolerable control" is located, trying to survive on the meager wages of a low-skilled job in a laissez-faire economy—which has no social safety net and no minimum wage

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[10] For more details see Chapter 4 ("Democratic Liberalism: The Politics of Dignity") of Craig Duncan and Tibor Machan, *Libertarianism: For and Against* (Lanham, MD: Roman and Littlefield, 2005). This chapter is also available online at http://faculty.ithaca.edu/cduncan/docs/web_papers/dignity.pdf.

laws—will be below one or both of those lines.[11] And yet, as I noted earlier, these are jobs that must be done in any functioning social order.

Premise 4: **Citizens who contribute their part to this joint project deserve to share in the economic prosperity it creates, at least to the extent of having secure access to a life of dignity.**

At the root of this premise is an ideal of reciprocity. If you make a significant contribution to the functioning social order on which economic prosperity depends, then you deserve to share in that prosperity. However, contributors who, despite their contributions, lack secure access to a life of dignity can hardly be said to be sharing in that prosperity. Several comments are in order by way of further explanation. First, I note that the word "access" in the formula "secure access to a life of dignity" is there for a reason. This helps signify that some contribution to a functioning social order is expected; people who choose not to contribute are not to be handed a good life. Instead people are to have *access* to a life of dignity, and one accesses this life by being willing to make a contribution. This willingness will typically express itself in an actual contribution, though it will not always express itself thusly, as in the case of involuntary unemployment owing to, say, a recession or to disability.

Second, rather than offer a general definition of what constitutes a "significant contribution" to a functioning social order—a difficult task that I lack the space here to perform adequately— I will continue my focus on low-wage workers and say this: workers who are performing jobs that someone must do—jobs such as those listed earlier (stocking shelves, cleaning floors, driving delivery vans, etc.)—are by any reasonable standard making a necessary, and hence significant, contribution to a functioning social order. This is even more obvious when one additionally takes into consideration non-economic contributions that citizens make in the form of behaviors mentioned earlier, such as displaying social trust, social tolerance, concern for the common

[11] For a concrete sense of the challenges faced by low-wage workers, consult David Shipler, *The Working Poor: Invisible in America* (Vintage, 2005) and Barbara Ehrenreich, *Nickel and Dimed: On (Not) Getting By in America* (Metropolitan Books, 2001).

good, peaceful conflict resolution, and respect for law. Furthermore, recall the point made earlier that much of society's productive capital—its political and economic institutions, its buildings and roads, its cultural conventions and know-how—were created by past generations. Thus, much of the income of current citizens is really a windfall from assets bequeathed to us by ancestors. Surely a person who plays his or her part in "We the People" deserves a share of this inherited prosperity.

Of course, the exact nature of moral desert is a matter of controversy. My claims in the previous two paragraphs suppose that a person deserves economic reward in proportion to her *contributions* to the economy; let us call this *the contributive account of desert*. Against this, a critic might claim that a person deserves economic rewards in proportion to her *efforts* to make a contribution. Yet another critic might be skeptical of desert altogether, alleging that ideas of desert rest on untenable assumptions regarding free will and moral responsibility. Rather than attempt to rebut these critics here, instead I will simply note that the contributive account of desert is much less congenial to the economic redistribution needed to fund a social safety net than the alternatives are (namely, the alternatives of the effort-based account of desert or desert-skepticism). My assumption is that if the safety net can be demonstrated to be a requirement of justice even on the account of desert that is least hospitable to this conclusion, then the safety net is likely defensible on other accounts of desert as well.

I say the contributive account of desert is the "least hospitable" account, since it is widely assumed that one's earnings in a free market accurately reflect one's contributions to the economy, and thus, a free market gives workers what they deserve, with no need for any redistribution. More specifically, the idea is that whatever it is which you offer for sale, whether this be your labor itself or the products made with your labor, your earnings will be a function of the value that other people assign to that labor or those products. The more that other people value these, the higher your earnings will be. On this view, then, your earnings reflect the economic value you create. Thus, your earnings reflect your economic contributions. As a result, on this view, your earnings *are* your just deserts, and it is wrong for others to deprive you of your wages, e.g. in the form of coercive taxation.

The problem with this view is its unduly narrow understanding of "economic contribution." This view treats the size of a person's

contribution to the economy as exclusively measured by the amount of money that wage-payers (i.e. the purchasers of a person's labor) or product-purchasers are willing to pay. The mistake this view makes is that it myopically focuses only on the final point of economic exchange (the sale of labor, or the sale of a product) while ignoring all the previous contributions required to sustain the larger system of economic exchange itself. The mypopia takes two forms. First, as I previously argued, the system of economic exchange exists only on account of the contributions of past generations (who created the institutional and physical capital on which the system depends) and on account of the present generations who respect the law, rear and educate the young, and generally trust and tolerate their fellow citizens.

Second, wages are at best an imperfect measurement of contribution, even taking the system of economic exchange as a given. I have in mind more than just the observation that from the fact, say, that a cigarette company executive makes many times more than even the most talented daycare worker, it does not follow that the executive's contribution to society is therefore many times more as well. Instead, what I have in mind is the fact that, first and foremost, wages reflect a laborer's *bargaining power* rather than his or her *contribution* to production. Consider for instance the case of a janitor in a firm. The janitor's contribution to the firm is significant, since working in a filthy environment would lower both morale and employee health and thereby in turn lower efficiency. However, the janitor's wages are low on account of the fact that many other persons could do the employee's job, so that the bargaining power of the janitor is low. The mismatch between bargaining power and contribution is easy to see once we note that bargaining power varies with factors irrelevant to an employee's contribution. For instance, a spike in society's unemployment rate can lower an employee's bargaining power and thereby keep his or her wages lower than what they might have been in a better labor market (high unemployment makes the janitor easier to replace if he or she demands too much in the way of a raise). If wages accurately measure contribution, then we have to say the janitor contributes less to the firm when unemployment is high in his or her society than when unemployment is low. That is hardly plausible, however. The janitor's contribution to the firm remains constant throughout periods of low and high unemployment.

In short, we should reject any simplistic equation between wages and deserts. If a more accurate and expansive notion of

economic contribution is employed—one that acknowledges the role of bargaining power in setting wages and one that acknowledges the larger social order in which economic exchanges of labor for wages are embedded—then we must conclude that the contributions of those at the bottom of society are much larger than initially they may appear to be. On the contributive account of desert, it follows that those at the bottom of society are more deserving of economic reward than they may initially appear to be. I have suggested that at the very least they deserve secure access to a life of dignity, and that absent a publicly funded social safety net, this secure access is lacking.

Premise 5: **It is an injustice for a person to lack what he or she deserves.**

I will be brief in my defense of this premise, since it draws on a long-standing picture of justice to which I will defer. As Fred Feldman and Brad Skow write in their article on desert in *The Stanford Encyclopedia of Philosophy*, "There is a long tradition according to which justice is fundamentally a matter of receipt in accord with desert. There are passages in the writings of Aristotle, Leibniz, Mill, Sidgwick, Ross and others in which this idea seems to be present."[12] They quote a particularly clear passage from John Stuart Mill expressing this idea:

> It is universally considered just that each person should obtain that (whether good or evil) which he *deserves*; and unjust that he should obtain a good, or be made to undergo an evil, which he does not deserve. This is, perhaps, the clearest and most emphatic form in which the idea of justice is conceived by the general mind.[13]

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[12] Feldman, Fred and Skow, Brad, "Desert", *The Stanford Encyclopedia of Philosophy* (Winter 2015 Edition), Edward N. Zalta (ed.) (http://plato.stanford.edu/archives/win2015/entries/desert) [accessed October 3, 2015]

[13] John Stuart Mill, *Utilitarianism* (Indianapolis: Hackett Publishing Company, 2001 [1861]), p. 45.

Feldman and Skow note that in its classic and general form, this ideal of justice obtains when a person's level of happiness matches his or her level of moral virtue. This general ideal—which, being *so* general, we might refer to as "cosmic justice"—is in fact *too* general for my purposes. My purposes require only a more specific notion of "socio-economic justice," according to which justice obtains when a person's socio-economic rewards match his or her socio-economic deserts. Moreover, for purposes of this article, I have restricted my attention solely to economic rewards and deserts.[14]

This finishes my defense of premises 1-5. Putting these premises together yields my overall conclusion:

Conclusion: Absent a publicly funded safety net, a well-off individual's economic prosperity comes at the expense of injustice to those at the bottom of society.

Hence, a publicly funded safety net is a requirement of justice. Having completed my argument for my conclusion, I now turn in the remaining sections to considering and rebutting several objections to my argument.

Objection 1: The taxes that fund a social safety net violate the property rights of those who are taxed.

According to this objection, although the ends sought by a social safety net may be worthy ends, the means by which the safety net is funded are immoral. The means, of course, include the taxes that fund the safety net programs, and according to this objection, those means trespass on the property rights of those who are coerced to

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[14] Public honors (e.g. artistic awards, Nobel prizes, presidential medals of freedom, etc.) that express social esteem are a form of non-economic social *reward*. Moreover, it is important to note that there are non-economic *contributions* to society (e.g. childrearing—though of course childrearing is also indirectly an economic contribution insofar as caregivers are raising future workers/consumers). A fuller discussion of social contribution and desert would need to include an exploration of unpaid caregiving work. I lack the space to do that important topic justice here.

pay the taxes. Accordingly, the objection concludes that those taxes are a type of theft, the illegitimate and forced confiscation of others' property.

Many replies to this objection are possible. For starters, the objector needs to tell us whether *all* forms of taxation are forms of theft, even the taxes that pay for national defense, police protection, court of law, prisons, fire departments, and the like. If those taxes are not theft, then the objector must explain why those taxes are legitimate and the taxes that fund a safety net are not. In response, the objector may offer the following explanation: the national defense, the legal system, fire departments, etc., are programs that benefit all citizens. Hence, the taxes that fund these programs are not *redistributive* taxes—taxes that take from some citizens and give to others. It is redistributive taxes, the objector concludes, that represent a form of confiscation akin to theft.

In reply to this, I will make two points. First, I note that the social safety net is a form of social insurance, and as such, it does offer some benefit to all citizens. No citizen should feel so absolutely invulnerable that the safety net is useless for him or her. Stock market crashes, recessions, natural disasters, disease and disabling accidents, and the like are, to some degree, risks to all of us. It is true that you may never personally need the safety net, but then again, you may never personally need the fire department either. What is more, in putting a floor to the deprivation you might experience, your bargaining power with potential employers is enhanced (no boss can say "Work for me or else face starvation while you are unemployed"), as is your ability to take entrepreneurial risks (since you need not fear destitution in the case of a failed business idea).

Second, and more fundamentally, this objection ignores the fact that property rights are the creation of the social order—in this case, the law. The money that you currently legally own is equivalent to the money in your possession minus the money that you legally owe to others. Since taxes are among the money that you legally owe to others, taxes are not theft of your money. However, this reply—true though it is—leads immediately to a second objection.

Objection 2: Even if safety net taxes don't violate legal property rights, they are the moral equivalent of theft.

The truth in this objection is that although the legal order defines property rights, some ways of defining property rights are morally superior to others. In particular, if I have a pre-legal *moral right* to some property, but the law defines that property as belonging to others, then in a sense I have been morally robbed of that property, even though there has been no legal crime of theft. The key question, then, is whether the taxes that fund a social safety net violate moral rights to property.

The most plausible case for a moral right to the money that comes into one's possession from market exchanges is a case rooted in desert. According to this case, one deserves reward in proportion to one's contributions to society, and one's earnings in a laissez-faire market accurately reflect one's social contributions. However, we saw in an earlier section that this is not so. Earnings very often reflect a worker's weak bargaining power rather than his/her true contribution to economic production. And earnings do not take into account a worker's contributions to what I earlier called a society's "cultural capital," namely, social trust and toleration, peaceful conflict resolution, respect for law. On the flip side, high earnings can overestimate a person's economic contributions, by ignoring the high-earner's dependence on a functioning social order (which, we have seen, requires the inputs of many others besides himself), and by ignoring the past contributions of others in previous generations, who constructed key governing institutions, who built important physical capital (roads, buildings, etc.) and who pioneered important technological advances.

One way to appreciate this point—and hence, to appreciate the absurdity of a person's claiming that he personally deserves every penny that he comes to possess in market exchanges—is to compare yourself with a hardworking compatriot from 200 years ago. You are almost surely much richer than he or she was. But do you personally deserve these riches in a way your earlier compatriot did not? How could you? If you are ten times richer, are you ten times harder working? Ten times more efficient? Ten times more brilliant? That is doubtful. Your extra riches are a windfall from your good fortune of living in a social order with greater cultural, technological, and physical capital than your early compatriot. You deserve a portion of those riches, to the extent that you have indeed worked hard and offered a service or product that others value. But to imagine that you personally deserve (and thus have a moral right to) each penny that comes your way in

market transactions is vastly to exaggerate your own productive inputs.

Objection 3: You are advocating socialism!

This is a familiar objection in the American political context, where "socialism" is largely a term of abuse. Without implying anything about the merits or demerits of socialism, let me simply say that the public social safety net I am advocating does not require socialism, understood in its proper sense. In its proper sense, "socialism" refers to an economic system in which the means of production are collectively owned rather than privately owned, i.e. an economy consisting wholly of state-run or worker-run enterprises. My argument is not committed to such a system. Rather, my argument claims that our economic system should give due recognition to both individual and social inputs to wealth. In this once again, I follow the lead of L. T. Hobhouse, who wrote,

> It is evident that these conceptions embody many of the ideas that go to make up the framework of Socialist teaching, though they also emphasize elements of individual right and personal independence, of which Socialism at times appears oblivious. The distinction I would claim for economic Liberalism is that it seeks to do justice to the social and individual factors in industry alike, as opposed to an abstract Socialism which emphasizes the one side and an abstract Individualism which leans its whole weight on the other.[15]

I have sought in this article to show that the ideal of doing justice to both individual and social inputs to wealth creation requires a social safety net to ensure that all contributors have secure access to a life of dignity. As the experience of many existing countries already attests, social safety nets are compatible with widespread private ownership of the means of production.

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[15] Hobhouse, op. cit., p. 101.

Objection 4: **Those who need a social safety net have a flawed work ethic, and thus a safety net only encourages more laziness.**

This is far too sweeping. Many people who need safety net support are already working, and working hard (often at more than one job). They are in need of safety net support owing to low wages, not laziness. Moreover, it is insufficient to say that such workers should simply find a high-paying job, or to say that if they are unable to find a higher-paying job owing to a lack of skills, then they should have made better decisions while in school as youths. Saying these things is insufficient, since most low-paying jobs—cleaning, stocking shelves, driving delivery trucks, working in a daycare center, etc.—are jobs that need doing. Fellow citizens who are contributing to your prosperity by doing jobs that need doing deserve secure access to a life of dignity.

Of course, not all people who need safety net services will be working; some will be unemployed. However, it is erroneous for a critic to say, "If unemployed people really wanted to find a job, they could. Thus, those who are unemployed are choosing not to contribute to society, and deserve nothing." This critic's error lies not just in the fact that during economic recessions, there are many fewer jobs than job seekers. That is indeed true, but it is also true that even in non-recessionary times there are not enough jobs to employ all job seekers. After all, an economy in which there were jobs for all job seekers would be an economy with an unemployment rate of zero. By design, however, a zero rate of unemployment cannot occur in modern economies. For if the national unemployment rate dips below what economists call the "non-accelerating inflation rate of unemployment" (NAIRU) then the central bank (in the U.S., the Federal Reserve) will raise interest rates in effort to slow down the economy and increase the unemployment rate, so as to tame the threat of inflation. (An inflationary spiral threatens to arise with very low unemployment, since in such a case workers' pay rises as employers compete with one another to hire new employees, and workers' rising pay in turn lead businesses to raise product prices to recoup the added labor costs, which leads to demands for further pay raises from workers, and so on.) In other words, in modern economies a significant level of unemployment (typically between 4-5%) is deliberately maintained by central banks as means of preventing inflation. Thus even in good economic times there will be many people

involuntarily unemployed and in need of social safety net assistance.

Thus the critic of the safety net is wrong to claim that only those who lack a work ethic need a social safety net. That said, we should acknowledge that some level of welfare fraud exists, and the few who are guilty of it are rightly prosecuted. Along with acknowledging this fact, however, we should also acknowledge how stereotypes of welfare recipients exaggerate levels of fraud and levels of dependency. A myth-free approach will rely on evidence rather than emotion when discussing welfare fraud and dependency, and will also recognize that a number of safety programs serve populations who are non-poor (examples of such programs include public education, financial aid for higher education, Social Security, and efforts to make health care more affordable for the middle class).[16]

Objection 5: **Let's leave social assistance to private charity, not government.**

This objection agrees that a social safety net is morally important, but insists that safety net assistance should be provided by voluntary charitable contributions, not the government. I have written at greater length elsewhere on this topic, so let me here simply summarize my response to this objection.[17] First, charitable donations are likely to be too low to supply the needed assistance, especially since the times when aid is most needed, such as during an economic recession, are also times when donation levels are

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[16] For some of this evidence see the linked-to studies in Eduado Porter, "The Myth of Welfare's Corrupting Influence on the Poor," *The New York Times*, October 20, 2015. (http://www.nytimes.com/2015/10/21/business/the-myth-of-welfares-corrupting-influence-on-the-poor.html) [accessed December 2, 2015]; and see Ann C. Foster and William R. Hawk, "Spending patterns of families receiving means-tested government assistance," *Beyond the* Numbers 2:26 (December 2013) (http://www.bls.gov/opub/btn/volume-2/spending-patterns-of-families-receiving-means-tested-government-assistance.htm) [accessed December 2, 2015].

[17] "In Defense of the Social Safety Net," *Think* 38:13 (Autumn 2014), pp. 25-37.

likely to be at their lowest. However, the worry remains even in non-recessionary times. According to the latest data from the U.S. Census Bureau, for instance, more than one in five Americans in 2012 received some kind of aid from a means-tested government program.[18] It is hard to imagine such levels of private aid being donated and coordinated effectively. Second, recall that the goal of the social safety net is to grant citizens secure access to a life of dignity. A person who is dependent on private charitable donations to achieve a dignified existence can hardly be said to have *secure* access to a life of dignity, even if the charitable funds happen to be enough to meet his or her needs for the time being. Finally, making the poor and lower-middle class dependent for their needs on the charity of the rich is itself an insult to the dignity of those who are dependent in this fashion. For in such a case, despite being contributors to the functioning social order on which the prosperity of the wealthy depends, these people would be made to live at the whims of those at the top of the economic ladder, who doubtless look down on them with pity at best, and contempt at worst. In all these ways, then, a threadbare and private social safety net would fail to grant citizens the secure access to a life of dignity that they deserve.

Conclusion

I conclude with a brief summary of my argument. Picking up on a theme of L. T. Hobhouse's, I have argued that just compensation must acknowledge both individual and social inputs to wealth creation. In particular, prosperity requires a functioning social order that is no single person's making, but instead requires the

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[18] Shelley K. Irving and Tracy A. Loveless, "Dynamics of Economic Well-Being: Participation in Government Programs, 2009—2012: Who Gets Assistance?" (U.S. Census Bureau, May 2015) (http://www.census.gov/content/dam/Census/library/publications/2015/demo/p70-141.pdf?eml=gd&utm_medium=email&utm_source=govdelivery) [accessed December 2, 2015]. Note that the official dates of the "Great Recession" are December 2007—June 2009, according to the National Bureau of Economic Research (http://www.nber.org/cycles.html) [accessed December 6, 2015].

contributions of a vast number of persons. Those who play by the rules and contribute to this social order deserve, at the very least, secure access to a life of dignity. This in turn requires social safety net programs, so that those who suffer from low wages and inauspicious social circumstances still have secure access to a life of dignity. Objections to this view stem from a number of sources: from a conception of property rights that is flawed by a blindness to the social factors upon which property wealth depends; from uncritical belief-sets that exaggerate levels of safety net abuse and that fail to distinguish between socialism, properly understood, and public assistance to those in need; and from unrealistic expectations of private charity's ability to replace social safety programs. Once these misguided assumptions are rebutted, a publicly-funded social safety is seen to be a clear requirement of justice.