

# Can Government Institutions Be Wise and Moral in Redistributing Income?

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## Introduction

Years ago I heard someone say on NPR that all the smart people tended to gravitate to Washington, DC. That was Robert Keeshan, a WWII era marine who went on to become known to millions of children as TV's Captain Kangaroo. Relying on Captain Kangaroo as a reliable source of Washington's, wisdom may amuse, but there are many who believe that the federal government is not only smart but that it will also care for people in ways that are wise, moral, compassionate, and fully trustworthy.

The idea of systematic income redistribution as society's best way of helping the poor and of creating a just society is largely the work of Princeton-educated John Rawls, who taught at Harvard during his long career that ended with his death in 2002.

Rawls was not talking about a bit of income redistribution, not talking about a social safety net, not talking about plans that allow people to pay in now for benefits later, not talking about private charity, and not talking about remittances to other nations, all of which redistribute income apart from the church, not-for-profits, and other charitable private sector organizations. He certainly was not talking about orphan care or eliminating sex trafficking, which are the passions of younger believers who seek biblical justice but call it by the popular term *social justice*. Rawls advocated a systematic redistribution of income by government so that all people would move toward a middle range of incomes rather than have a wide range of income rich or poor.

This idea of redistribution, which is an official, government-as-Robin-Hood idea, might have worked during medieval times when leading wealthy landowners (who were also the class of people who governed) kept their agricultural peasants and indentured servants dramatically poor even though they protected and provided for them.

## Justice Defined

Before moving forward we need to consider the definition of justice briefly. Some will instinctively think of biblical justice based by God's character and commands as seen in Israel or as characterizing the kingdom of God. Biblical justice is an expression of the righteousness of God. Others will think of the Greek ideal of justice as a personal virtue with benefits in society, an idea with surprising adherents today. The Greeks focus on society while biblical justice focuses on God.

Considering Michelle Apperson will help us take the next step toward understanding Rawls' social justice thinking. Apperson, a first-year teacher, was named the Sacramento, California, "Teacher of the Year" for 2011–2012. Then the city faced its financial crisis. Should she as a new hire be among the first to be laid off due to severe budget cuts, or should she be retained as one of the best teachers? The Greeks' two categories of justice become clear in Michelle's situation. If she were retained because of her merit, distributive justice (you get what you earn) would apply, but if she were released because of lack of seniority then corrective justice (treating everyone the same in this case based on date of hire) would apply.

For centuries, as a cornerstone of democracies, we have understood that a person's income (his or her work for pay) to be merit-based partly because we wanted to end the old European social order of privilege. In other words, we see work as an area of distributive justice. Accordingly, we still campaign for equal pay for equal work.

When John Rawls introduced his ideas of social justice, he wanted to change income from the realm of distributive justice of an individual's earnings or *merit* to the realm of corrective justice of society's *equality*. Rawls wanted to see earned income correctly distributed among all members of the community for the sake of fairness. To understand this shift that abandons distributive justice (merit) in favor of corrective justice (equality), consider this: A similar shift in baseball would result in a World Series victory for the Chicago Cubs.

Rawls would reply that the immense wealth and income of such familiar characters as Jane Austen's Darcy or Knightly should be distributed more equitably. We would agree with him, but that entire agricultural system of privilege has dramatically changed due to the industrial and democratic revolutions.

As Christians, we find that Jesus appears to make some kind of corrective justice in Matthew 20 where he told the story of the workers who were all paid the same wage, the full day wage, even though some had worked only a half day and some had worked only one hour. Certainly corrective justice would tend to assure that all who worked received the wage they needed to live. However the all-day workers were not concerned with that; their cry of injustice was that they should have been paid more. They did not want to see what looked like "rights" justice when they thought this was an area of "merit."

Did Jesus agree with Rawls? Far from it. Jesus' point was that generosity is good and ultimately that grace transcends any form of justice, as James wrote in his epistle.<sup>1</sup> Voluntary generosity by individuals is dramatically different from coerced redistribution by governments.

## John Rawls' Social Justice Explained

John Rawls (1921–2002) grew up in Baltimore, and he earned his PhD at Princeton in 1950 after interrupting his education for three years in the Pacific theater as an infantryman during WWII. He was a Fulbright Scholar. He taught at Harvard for forty years until his death at age eighty-one. His two most influential books are *A Theory of Justice*<sup>2</sup> and *The Law of the Peoples*,<sup>3</sup> and he wrote several other books as well.<sup>4</sup>

Rawls had three brothers, one preceded him at Princeton and excelled in sports. The other two were younger brothers who died—one of pneumonia and the other of diphtheria, diseases contracted from their brother John. Biographer and Rawls expert Henry Richardson of Georgetown suggests that "Rawls' vivid sense of the arbitrariness of fortune may have stemmed in part from this early experience."<sup>5</sup>

We might think of the church or biblical values as being the rival that Rawls was opposing, but he had moved beyond what he regarded as the pointless entanglements of metaphysics and was, instead and more contemporaneously, opposing utilitarianism. Utilitarianism (J. S. Mill, Jeremy Bentham) taught "the greatest good for the greatest number." This idea is ingrained in Americans, but Rawls rejected utilitarianism as it seemed to reduce people to averages and to ignore those at the very bottom who happened to be left out.

Rawls wanted to combine the liberal value of freedom and the value of equality into a unifying, clear, and compelling view of political justice. His immense success was not limited to the conceptual realm; in fact, he rejected abstractions. Instead, the success of his ideas has transformed social practices and societal institutions.

He taught that the benefits of society are not to be seen from the perspective of the people as a whole, but from the perspective of any one person at the very bottom. If that person does not benefit from society, then that society has failed. This is no longer a matter of compassion, charity, or generosity, but of justice.

Rawls offered his controversial “difference principle” that “social and economic inequalities *ought* to accrue to the greatest benefit of the least advantaged members of society.”<sup>6</sup> There is no longer to be merely an equality of opportunity but an equality of outcomes. Then why not? Let me parade some Rawlsian terms: If the “unborn souls” behind that “veil of ignorance” seeking the “original position” are going to posit a society in which they themselves might be born at the bottom, why should they be left out? Merit has no place. All justice is corrective.

Having defined (1) all human outcomes as arbitrary; and (2) having required an equalization of outcomes to eliminate that unjust arbitrariness; Rawls has (3) defined justice as the force society uses to assure equalization—including and especially income equalization.

The final step is to recognize that (4) you are not really “you.” You are a random contributor to society, a carrier of lucky attributes and abilities. Even if you hone those gifts to maximum advantage, it is not for your private advantage because you are essentially a social person, a worker bee, a cog in the machine of society.

An individual’s moral obligation is to yield whatever he may have in order that those who have less may have as much as he has. Rawls wrote, “The natural distribution is neither just nor unjust; nor is it unjust that a person be born into society at some particular position. These are simply natural facts. What is just and unjust is the way that institutions deal with these facts.”<sup>7</sup>

This definition has been assumed in the very term *social justice* so that when talking on that subject, the assumption is that unless we are working for equality of outcomes through governments, then we are not working for true justice. All justice is corrective.

## John Rawls Criticized

### Amartya Sen

Amartya Sen (b. 1935) was a student and disciple of Rawls in the earlier, heady days though he is now a critic. Sen, a Harvard professor who won the Nobel Prize in economics in 1998,<sup>8</sup> seeks a broader definition of and perspective on justice than even John Rawls could bring. Sen also seeks to be much less rigid or exclusive about social and government institutions.

After acknowledging his own debt to Rawls, Sen criticizes “justice as fairness” on several levels. First, the “original position” is an imagined state, one that is based on assumptions that are much more imaginary than real. Second and worse, Rawls’ process yields politically controlled definitions and institutions of justice. Justice has just become the child of politics rather than of the people. Therefore, justice as an idea leads to an institution that leads to legislation and regulation until a society is “just.”<sup>9</sup> This, Sen implies, is not good enough.

Third, Sen notes that Rawls’ assumption of the existence of universal (and secular) law as the basis of justice is harmed by different “universals” appearing in different cultures. Rawls further assumes that people will automatically yield to the definitions of “justice as fairness” that came from “the original position,” but how can that kind of uniformity exist without uniform cultures and how can it come without autocratic (or theocratic) governance?

To illustrate his many points, Sen tells a story of three children and a newly constructed flute. Is it just to give Anne the flute because she alone can play it? Or is it just to give Bob the flute because he is poor and this will give him his first toy? Or does Carla deserve it because she made it?<sup>10</sup>

Egalitarians will give it to poor Bob, libertarians will award it to Carla the maker, and utilitarians will be unable to determine if the greater good is served by Anne’s pleasure or Bob’s relief. They all might actually ignore the fact that the impact of taking Carla’s flute could mean that she may never make another flute again.<sup>11</sup>

Resolving the flute issue is less the point than illustrating, as Sen notes, that there are many opinions of justice in any one society. However, the deeper issue can be put as a question: “Where did the idea of ‘awarding’ the flute come from?” It came from Rawls who assumed that his institutions would impose the best form of social justice. Sen articulates the problem well when he says:

Indeed the theory of justice as formulated under the currently dominant transcendental institutionalism, reduces many of the most relevant issues of justice into empty—even if acknowledged to be “well meaning”—rhetoric. When

people across the world agitate to get more global justice—and I emphasize here the comparative word “more”—they are not clamoring for some kind of “minimal humanitarianism.” Nor are they agitating for a “perfectly just” world society, but merely for the elimination of some outrageously unjust arrangement to enhance global justice.<sup>12</sup>

We might observe that man is seeking to find an authoritative basis for a solid justice by looking somewhere other than to God. Moving the source of justice from God to society and making society an authoritative enforcer may be better than Hobbes’ Leviathan or the Roman Church of the late Middle Ages, but it is not as perfect as Rawls claims nor even as good as Sen implies. Having created a theory of justice without any authoritative basis, Rawls nevertheless treats it as all but revealed. Sen mocked it as transcendental government institutions, but critic Friedrich Hayek called it pure imagined justice; he even more thoroughly disagreed with Rawls.

### Friedrich von Hayek

Friedrich von Hayek (d. 1992) more fundamentally criticized the Rawlsian idea of social justice<sup>13</sup> because he saw it not as a rational argument, but as a merely emotional excuse for governmental social intervention. He saw such intervention as bad for both society and for people. “I am certain that nothing has done so much to destroy the juridical safeguards of individual freedom as the striving after social justice,” he wrote in *The Road to Serfdom* in 1944.<sup>14</sup>

Concerning Friedrich Hayek, Mueller writes, “Hayek developed a liberal critique of the welfare state and its premise that the economy ought to embody social justice. He argued that it was the virtue of liberal capitalism that it embodied few common purposes, allowing individuals and groups to pursue their own various goals.”<sup>15</sup> This virtue stands in sharp contrast to the welfare state.

One tragedy is that both Christian social work and Christian relief efforts are all too often uncritically based on Rawls’ assumptions and on his widely accepted teachings on social justice. Social justice is not biblical justice based on rightness but economic justice based on distribution and ultimately redistribution.

### Tony Evans

Tony Evans, an exceptionally articulate American leader, is not careless or confused about social justice. He is the author of *Oneness Embraced*.<sup>16</sup> Evans has taken a kingdom- or, in this case, mission-driven approach to his thinking about justice. He understands that justice in society is a subset of God’s justice and that it has been neglected, especially by evangelicals who are now leaving

their bubble and think that even sex trafficking is an area of social justice rather than of ordinary biblical and corrective justice.

When Evans addresses justice, he frankly notes that social justice is an inadequate approach to justice. He gives the reasons why he prefers the term “biblical justice.”<sup>17</sup> In the chapter “A Kingdom Approach to Biblical Justice,” Evans makes important distinctions that others mystifyingly seem to miss. Like those others, he states, “Biblical justice seeks to remove illegitimate limits or boundaries so that the full expression of freedom can be made manifest.”<sup>18</sup>

Is that, as others imply, a gospel primarily for the social realm? No. He understands that “[t]he *content* of the gospel message is limited and contained.<sup>19</sup> The gospel’s *scope*, however, reaches further into sanctification within which is located the concepts of justice and social action.”<sup>20</sup>

Even though many make serious divisions between the spiritual and the material realms, Evans rightly insists on seeing them together. “This division between the immaterial and material parts of man leads to an [absence of] biblical justice [in society] through emphasizing the spiritual over the social.”<sup>21</sup>

## A Conclusion Concerning Social Justice

Despite these critics, the legacy of Rawls’ ideals continues as a formidable social and economic force. There has been, for instance, a Rawlsian political and rhetorical reaction to the recession following the 2008 housing and mortgage crisis and even more urgent calls for social justice in America.

Jim Wallis of Sojourners has chosen the path of seeking to have the government sustain the social justice of the welfare state. He has formed a group called “Circle of Protection,” which is lobbying Washington and insisting that they will fight any cuts to the budgets or programs that help the poor, whether directly or indirectly. He uses the forceful slogan, “What Would Jesus Cut?”

This is the path of social justice. The other path, at least the other political path, is that of creating opportunities in education and in the workforce that are more likely to help “the poor” though this plan is demonized by government and unions as it threatens the status quo of the “helping classes.” In short, one path claims the high ground of compassion defined as social justice; the other tends to actually pursue that path.

## Income Distribution in Static and Dynamic Economies

### The Static Agricultural Model

Now we will shift to a consideration of the economic aspects of social justice so that we can learn how to evaluate that intertwining and be ready to draw some conclusions that are both thoughtful and practical.

The concept of “income distribution” merits investigation. To simplify this concept imagine a valley, we will call it Bedford Valley, with ten farmers.<sup>22</sup> Each man farms a few acres and all make what we might think of today as \$10,000 per year. Eventually one wealthy man loans money to the other nine in bad years and when the nine farmers cannot pay he takes their land, and lets them farm it for \$5,000 per year keeping the other \$55,000 (\$5,000 from each of the nine farmers plus his own \$10,000) for himself (see table 1).

**Table 1. Income Using an Agricultural Model**

Agricultural Model	
#1 Equal	#2 Unequal
1. \$ 10,000	1. \$ 55,000
2. \$ 10,000	2. \$ 5,000
3. \$ 10,000	3. \$ 5,000
4. \$ 10,000	4. \$ 5,000
5. \$ 10,000	5. \$ 5,000
6. \$ 10,000	6. \$ 5,000
7. \$ 10,000	7. \$ 5,000
8. \$ 10,000	8. \$ 5,000
9. \$ 10,000	9. \$ 5,000
10. \$ 10,000	10. \$ 5,000
\$100,000	\$100,000
Top \$ 10,000	Top \$ 55,000
Bottom \$ 10,000	Bottom \$ 5,000
Ratio 1:1	Ratio 11:1

Originally, all ten Bedford Valley farmers had a \$10,000 income and because there was income equality there was no need for redistribution. Afterward one farmer earned \$55,000 while the other nine had \$5,000 each. While the developed world has moved beyond this kind of land holding elite, Rawls assumes that it continues in modern corporate form.



Originally the ratio of richest to poorest was 1:1 because they all had the same income. Afterward the ratio was 11:1, and it seems unfair. In fact, it is both unfair and unjust as the land was more or less stolen from the nine farmers.

The total production of these farmers is \$100,000 regardless of who owns the land, but the distribution is altered from a situation of equality to a situation where one man has eleven times the income of each of the other men.<sup>23</sup>

## The Dynamic Capital Model

Shift your imagination of these ten farmers to the late 1800s. In a static society, there would be no change, but in a society where capital is free there is a dynamism that brings positive changes though transitions can be difficult. The age of mechanical inventions that we call the Industrial Revolution introduced such changes.

Now in Bedford Valley, Mr. One invents a plow blade and he hires farmers Mr. Two and Mr. Three to develop the plow business with him paying them a salary. Mr. Four buys the plow and can suddenly farm half the land in the valley. Mr. Five and Ms. Six and Ms. Seven go to work for Mr. One, while Mr. Eight goes into the trucking businesses to haul plows. Mr. Nine farms the other half of the land and Mr. Ten is “slow,” but Mr. One puts him to work cleaning the factory.

Here is a comparison of the income of these people. Mr. One earns \$250,000 while Mr. Two and Mr. Three each earn \$80,000. Mr. Four and Mr. Nine each farm half the land for \$65,000 each. Mr. Five and Ms. Six earn \$50,000 each while Ms. Seven works part time for \$25,000. Mr. Eight earns \$40,000 per year trucking, and Mr. Ten earns \$10,000 as a custodian (see table 2).

Notice that the inventiveness of Mr. One has enabled the ten families to have a total income of \$715,000, an amount that comes from selling the plows outside the valley. Mr. One also has created jobs that employ seven people and all of them are paid more than the \$10,000 they had before. Even farming pays more than the original \$100,000 because the plow has made the farmers more productive.

The idea of job creation through inventive methods of increasing productivity and the accompanying growth in community income through trade seems lost on those focused on social justice. They are used to the economic idea of scarcity (only-so-much) so that growth or bounty is unexpected. Much of life deals with the only-so-much of scarcity, but bounty is most interesting. They see this growth through the old perspective of land holding elites taking the crops of the poor farmers.

John Addison Teevan

The growth of income from \$100,000 to \$715,000 has been good but not equally distributed. We see that Ms. Seven and Mr. Ten are each earning less than 10 percent of Mr. One's income making them relatively poor. In the minds of some this means that compared to the original agricultural model, capitalism has made them poorer leading them to conclude that Mr. One, the inventor and their job creator, is the equivalent of the land owner who stole land from the people.

**Table 2. Income Using a Capital Model**

Capital Model						
Gender	#	Salary	Role	Income		
M	1	\$250,000	Owner		Total	Average
M	2	\$ 80,000	Manager	Male	\$640,000	\$80,000
M	3	\$ 80,000	Manager	Female	\$ 75,000	\$37,500
M	4	\$ 65,000	Farm	Ratio	8.5:1	2.1:1
M	5	\$ 50,000	Employee	Top	\$250,000	
F	6	\$ 50,000	Employee	Bottom	\$ 10,000	
F	7	\$ 25,000	PT employee	Ratio	25:1	
M	8	\$ 40,000	Trucking			
M	9	\$ 65,000	Farm			
M	10	\$ 10,000	Custodian			
		\$715,000	TOTAL			

In this capital market model we have an increase of income inequality of the kind that offends Rawls. Mr. One is earning not just eleven times what the others earn in the land owner situation, but he earns twenty-five times what Mr. Ten earns. In addition one woman is paid twice what another woman earns and yet together the women average one half of what the men earn.

It would be accurate to see this as being paid more or less according to the value added to the economy with the additional money coming from sales outside Bedford Valley as was true with farming sales.

Others who look through the lens of the agricultural model see that they were once all earning \$10,000 with full income equality. Then the landowner changed that into an unfair situation where he earned eleven times what each of the rest earned. Finally, those who missed the change to the capital model imagine that this devolved into a situation where the top man earned twenty-five times the custodian as if his economic contributions were meaningless.

## Concrete Causes of Income Diversity

Those who miss the change to the dynamic capital model see only income inequality and possibly also racism and oppression. Those factors are worthy of consideration but so are these ten other concrete factors that have aggravated the income distribution gap. They are virtually unknown but are worth at least introducing to this presentation.

**1. The use of income as the measure of justice.** The Rawlsian core assumption is that income is the proper measure. However the dollar value of the social safety net is ignored. A person with an income of \$10,000 is able to spend more than \$20,000 due to food stamps, Medicaid, earned income credit, or unemployment insurance. If we were to measure not only income but also spending, we would discover that the person in the bottom quintile with a \$10,000 income spends nearly \$20,000. Much of the talk about social justice based on income inequality is misplaced because consumption inequality tells a substantially more moderate story.<sup>24</sup>

**2. The widening income gap.** Inflation exacerbates the income gaps that Rawls focused on. If Mr. A's income doubled, due to inflation, from \$25,000 to \$50,000 while Mr. B, a professional, saw his income double from \$75,000 to \$150,000, the gap between the two workers has doubled from \$50,000 to \$100,000, but the ratio has not changed: Mr. B still has three times the income of Mr. A. Because this change was driven by inflation, they still have the same buying power; in other words no real change at all though the new inequality offends many.

**3. The widening housing gap.** The same is true of housing except that housing has inflated much more than incomes, making the gap between Mr. A's house and Mr. B's house even more dramatic in dollar terms.<sup>25</sup> As with incomes, only the dollar gap grew, not the ratio; this too has been driven mostly by inflation.

**4. Stock market and asset inflation:** Shifting from income and housing to the stock market, we can note that the Dow Jones Industrial average has consistently been above 1,000 only since the early 1980s. Today it is up to 16,000 a sixteenfold increase in value. Those who owned stocks saw their wealth increase by a factor of 16 while those without stocks have not. However, have American businesses become sixteen times more valuable over the past thirty years? No. Much of the change of wealth and income distribution has come from asset inflation that was caused in large part by the easy money policies of the Federal Reserve.

**5. Pay differences:** Do we believe that some professions should be paid more than others or is differential pay (merit) a harmful factor in determining the fairness of income distribution? If all are to have the same incomes, are all equal contributors to society? Consider Olympic competitors: Is it unfair for some to

win gold and others who worked just as hard to receive a bronze medal or even no medal at all? It is good for a society to reward its highly productive workers so that there will be more of them. Social justice tends to assume universal high productivity of any economy.

**6. Salary stagnation:** Any number of studies will demonstrate that salaries and wages adjusted for inflation have been stagnant or declining since the late 1990s. This is true, and it is bad news. The main factor to consider here is that employers have faced dramatic increases in benefit costs, particularly the cost of health care and pensions. They have put the money that might have gone for salary and wage increases in those two benefit areas. Take-home pay stagnated. Because employees do not believe that benefits really count as income, they look at the pay stub, adjust for inflation, and say that they are worse off than in 1998.

**7. Borrowers and savers:** There are two kinds of people: those who earn interest and those who pay interest. Since the 1970s, there has been a shift of wealth from the interest paying borrowers to savers. This has been a result of the “debt financed consumer binge”<sup>26</sup> that America has been on and that has stimulated the economy with dramatic consumer spending until the crash of 2008. This shift is a significant and preventable cause of income inequality.

**8. Demographics of poverty:** Using income to measure poverty relative to others over time can miss some important demographic factors. A life lived in poverty has substantially improved since WWII, but poverty remains at about 12–15 percent of U.S. population depending on the level of economic growth. Demographics also provide these insights: The top income quintile has 2.2 earners per household compared to 0.8 earners in the bottom quintile. In the top quintile, 92 percent live in a married household while 52 percent of the bottom quintile consists of single parent households.<sup>27</sup> To live like the rich you must be married and have children.

**9. The permanent underclass:** There are, as reported by the U.S. Census Bureau, growing and hopeless clusters of deep poverty in America. This sadly reflects the immobility of many at the bottom of economic society due to generational issues.<sup>28</sup>

**10. Globalization:** There are three factors of globalization that have an impact on income diversity:

First, the massive increase in the global labor force has made American labor relatively expensive. The fact that this happened rapidly, over twenty-five years after 1985, has meant that many American workers permanently lost their jobs rather than having the relative dignity of retiring and not being replaced.

Second, there has been noteworthy increase in innovation especially in electronics.

Third, the combination of innovation and the lifting of two billion people from poverty has created massive wealth, a substantial part of which has gone to Americans and Europeans. There are many more wealthy Americans whose wealth has been gained overseas. Globalization has tended to enrich American entrepreneurs and knowledge workers and has displaced manufacturing workers, adding to income diversity.

All ten of these factors affect American income diversity and are not negated by the criticism of a failure of social justice.

## Can the Government Be Wise and Moral in Income Redistribution?

If the morality of a system is to be measured by liberation from agricultural poverty and by lifting people even to a very modest freedom of an urban job, then the new dynamic model is moral. If Rawls were aiming his considerable energy at the old static system, he would be a wise man.

However, as in Bedford Valley, the dynamic model has led to a dramatic change in income distribution. Does this also deserve Mr. Rawls' condemnation? The new dynamic model is different at the root from the static model where the wealthy lenders eventually take all the land. The dynamic model elevates ordinary people to some level of opportunity so that free individuals might actually be paid according to what they are able to contribute, as seen above.

A crucial question behind the entire issue is whether life is so thoroughly material that the most important measure of well-being is the dollar income. Because this is a topic for another study, we should consider the two basic ways to look at the morality of income distribution.

**Question 1: Special physical needs.** The first suggests that due to special physical needs, occasional disasters, and the vagaries of the business cycle there are urgent human needs that must be met. Using government to tax some people to meet the needs of others may not be as wise as allowing local charitable institutions to provide that help, but the dynamic model disrupts communities so that such help, while far from extinct, has proven to be inadequate and even absent.

This is a moral use of government to meet the needs that the market or the community does not meet. This meeting of needs is not income redistribution, but, at least in principle (apart from corruption), it is a compassionate use of the government. This is not income redistribution.

The other way to consider income distribution is to seek to determine if the government can distribute income in a way that is wiser and more moral than the dynamic market model. As noted above the dynamic model has much to

recommend itself as free people earn an income roughly in accordance with their ability to add value. The two major demonstrations of immorality in the dynamic model, however, are (1) the difficult early transition period and (2) extreme income inequalities especially if those at the bottom have their opportunities limited and if those at the top earn their money in illegal or socially unacceptable ways.

**Question 2: Immorality due to the transition to capital model.** There is no question that the transition to dynamic model is very difficult and leads to obviously immoral conditions of life and work. Marx made that clear but failed to note that his wage slaves eventually became ordinary consumers. Post-Stalin Soviet authorities liked to show the movie *Grapes of Wrath* in Russia, but instead of being convinced of the failure of capitalism, the people were stunned that the Okies were able to own their own pickup trucks.

India provides another illustration of the difficulty of transition. Manmohan Singh liberalized trade in order to grow India's economic pie rather than use government power to redistribute income by shifting the shares of the pie. Although many millions of Indians lost jobs when international brands such as Coca-Cola came in, those brands soon hired more Indian workers. This is called the J-Curve of economic development.<sup>29</sup> In the end, more workers than had worked for whatever cola company Coca-Cola had put out of business were employed, and even the local Thums Up brand of cola gives Coca-Cola much competition.

This small example of cola helps explain the explosive economic growth in India over recent decades. It is difficult to see how continuing with the static agricultural system aided even by a fair income redistribution (an immense assumption in a world of corrupt governments) would have been wiser, more moral, or better for ordinary people than the 7–9 percent growth India has enjoyed in spite of the difficulty of that transition.

**Question 3: Immorality due to illegal or socially unacceptable activity.** The third issue of immorality is the unacceptable ways of earning extreme income. Because inherited wealth is small and the dramatically high income of popular media and sports stars is brief, the highly paid leaders of business are the likely targets, but they have been limited in the post–2008 financial crisis. Hedge-fund managers, commodity speculators, and whatever segment of financial investing is hot make the enormous incomes that offend those who work by the hour, by their skill, or by their profession. Few defend these few people, but they are said to dominate the ranks of the rich in order to suit the narrative of social justice.

**Question 4: Social justice claims the high moral ground.** A fourth way to consider the morality of income distribution is to consider the presumed high moral ground of the Rawlsians. Writing in the *Wall Street Journal* Gary Robertson

noted that “[o]nce the argument is framed in moral terms, compromise is nearly impossible.”<sup>30</sup> Talking about taxes in terms of “fairness” appears to be a morally insurmountable argument. Yet he continues, “The Achilles heel of democracies is pandering, and pandering requires instilling a sense of injustice that offsets the immorality of feeling entitled to something for nothing.”

Even more forcefully, Peter Corning in his 2011 book, *The Fair Society: The Science of Human Nature and the Pursuit of Social Justice*, seeks to anchor Rawls’ ideas in our very biological essence. Corning intends to “‘bend the arc of the moral universe’ and turn the country into a ‘fair society.’”<sup>31</sup>

During the late-medieval era, the church presumed to have the high moral ground and considered itself not only right but also righteous with respect to social issues because it held the keys of salvation. The government today holds the keys of prosperity and holds a similar high view of the morality of its own position. However, just as the church, for all its spiritual and moral energy back then also exercised temporal power and suffered all the corruption that accompanies it, so also the supposed high moral ground of government income distribution today is compromised by the same flaws; examples abound.

We can conclude that neither government nor business in the dynamic model distributes income perfectly. We can also conclude that the market, while not perfect, engages millions of people who are making economic decisions for the benefit of each one and for their families. The ability of government to redistribute income may have lofty, even utopian goals, but everywhere the idea of central (government) planning has been tried, it has failed to lift people from poverty.

### **Motivated by the 1 Percent or by Biblical Norms?**

The interest in the richest 1 percent is nearly an obsession to many as typified by Princeton’s prolific Paul Krugman.<sup>32</sup> The idea that 2.5 million people (actually households) in America earn all that income and control all that wealth offends him and fills him and others with moral indignation.

Justice in society is a viable topic, but only an inadequate or false understanding can view market capitalism as inherently unjust because some are rich.<sup>33</sup> Ironically, the wealth-as-theft understanding and Robin Hood remedies that were fitting in those developing agrarian societies are not fitting in today’s developed nations. It turns out that the government elites of developing nations are the primary corrupt thieves who take from the poor. In these nations, the two revolutions (industrial and democratic) are largely foreign illusions.

One of the leaders I interviewed at Occupy Atlanta, Roger, was concerned about Atlanta having the widest income gap in all major US cities, the loss of

more jobs than any other metropolitan area, and having a higher unemployment rate than the nation for fifty consecutive months along with his concern for 1.8 million Georgians living in poverty.<sup>34</sup>

These are worthy concerns, but his solution is vastly different from what Christians think of when we casually discuss social justice. Here is what Roger wants:

*Atlanta Jobs with Justice* demands an *aggressive, large-scale public program to create good jobs*, especially for the hardest hit populations: communities of color, youth, older workers, and the long-term unemployed, paid for by taxes on the most affluent individuals and corporations, and extension—not reduction—of unemployment benefits.<sup>35</sup>

This plan assumes that the government can hire people and pay for those jobs with tax money from the “most affluent.” In the extreme form, the government also prints money to help pay for jobs so that money comes from taxation and printing rather than from production of goods and services, which tends to suffer. The plan Roger advocates has been tried without success in many places including Cuba and Eastern Europe. This kind of solution, though extreme, is the expression of social justice and the welfare state.

It is neither moral nor wise to oblige half of the population to reduce their income only to provide income to the other half, which is the goal of social justice. The even less-wise alternative is to try to create jobs out of thin air. Why not let the market create jobs and use government and church to fill in the gaps, without creating dependency for some while removing incentives for others?

As noted at the beginning, it is easy to assume that the smartest and most compassionate people move to Washington, DC. However, in the United States the market makes pretty good decisions 310 million times a day. There is little evidence that the social justice ideals of Rawls and his successors are so much better than the decisions that come from the market.

The high ground of compassion sounds good, but letting it devolve into government programs that attempt to produce income equality has little evidence in the long term to support it. There is no need to fundamentally change merit/distributive justice in favor of the corrective justice of the state when it comes to income. There is no need to ignore biblical justice either.

The high ground of compassion has its roots in the ministry and teachings of Jesus. His specific example in the parable of the laborers indicates that the voluntary generosity of compassionate people is to be normative. This is confirmed by the apostle Paul’s discussion of the Corinthian’s gift for the famine victims in



Jerusalem. Believers in Jesus will, or at least should, continue to do good works and to serve both neighbor and society in ways that reflect integrated biblical justice and not social justice.

## Notes

1. James 2:13 NIV: “Mercy triumphs over judgment.”
2. John Rawls, *A Theory of Justice* (Boston: Harvard University Press, 1971).
3. John Rawls, *The Law of the People* (Boston: Harvard University Press, 1999).
4. The first book defined social justice while the second expanded and corrected *A Theory of Justice*. He also wrote a series of seminal papers in the 1950s and the book *Political Liberalism* (New York: Cambridge University Press, 1993).
5. Henry Richardson, *Development and Main Outlines of Rawls’ Theory of Justice*, vol. 1 (London: Routledge, 2008).
6. Richardson, *Development*, 6.
7. Richardson, *Development*, 87.
8. Amartya Sen, *The Idea of Justice* (Boston: Harvard University Press, 2009).
9. Sen, *The Idea of Justice*, 56.
10. Sen, *The Idea of Justice*, 12–13.
11. Sen, *The Idea of Justice*, 3.
12. Sen, *The Idea of Justice*, 26.
13. Here are two other contemporary critics of Rawls: Robert Nozick was a Harvard professor of political philosophy who was influential in the 1970s and 1980s. His book, *Anarchy, State, and Utopia*, was a libertarian answer to John Rawls’s *A Theory of Justice*. Nozick argues that free exchange can, in fact, be just even if there are inequalities of income distribution if adults start on level ground. Nozick believed that people mattered more than society and should be treated as ends not merely as means. His view of the intrinsic value of each person is opposed to Bentham’s Utilitarianism and upholds the personal liberty of the individual over the state’s interests even in its interests in economic redistribution.  
Nozick created the thought experiment of the “utility monster” to show that utilitarianism leads to situations where the needs of the majority are sacrificed for one individual. He also invented the popular thought experiment of “The Experience Machine” to show that “ethical hedonism” was false. This machine was like The Matrix in that it stimulated the brain to imagine pleasurable experiences. Normal

resistance to choosing machine-induced pleasure over real life demonstrates the error of hedonism. See Robert Nozick, *Anarchy, State, and Utopia* (New York: Basic Books, 1974).

Michael Walzer, another contemporary of Rawls, led in the communitarian position in political theory, along with Alasdair MacIntyre and Michael Sandel. He argued that political theory must be grounded in the traditions and cultures of societies rather than in Rawlsian abstract political ideologies. His most important intellectual contribution was the theory of “complex equality,” which holds that egalitarian justice demands that each good be distributed according to its “social meaning.” He taught that no good (like money or political power) should be allowed to dominate or distort the distribution of economic goods. Like Aristotle, he taught that justice is primarily a moral standard within particular nations and societies. Walzer taught a semester-long course at Harvard with Robert Nozick in 1971 called “Capitalism and Socialism.” The course was a debate between the two.

14. Friedrich von Hayek, *The Road to Serfdom* (London: Routledge, 1944).
15. Jerry Mueller, “Lecture 27: ‘The Rise of the Welfare State,’” in idem., *Thinking about Capitalism* (Chantilly, VA: The Teaching Company, 2008).
16. Tony Evans, *Oneness Embraced* (Chicago: Moody Press, 2011).
17. Evans, *Oneness Embraced*, 262.
18. Evans, *Oneness Embraced*, 264.
19. See 1 Corinthians 15:1–4.
20. Evans, *Oneness Embraced*, 269.
21. Evans, *Oneness Embraced*, 270.
22. “Simplify” is hardly the word. This is as basic (though more complex than) Carla’s flute. This valley was once empty, then used by roaming shepherds before farming was even considered in the distant past. The idea of free farmers is an idealized format, though it existed under Israel’s tribal theocracy and also in the free land of the colonies, though it displaced the Native Americans.

There are only a few ways to maximize the benefit of this valley. Gathering, shepherding and premodern farming by owners, share-croppers, slaves/serfs, or feudal peasants have given way to private ownership by individuals or corporations in the West and, for a few horrible decades, collective ownership under the Soviets. The incentives that make men work harder to earn and keep their own rewards, most often measured in money, come from private ownership, thus making this the most productive method.

23. A credible argument can be made that if farmers do not own their land that they will produce less. This is offset by their desire not to starve—as did millions under the agricultural reform of both Russia and China.
24. Economists Dirk Krueger and Fabrizio Perri have studied this “Understanding Consumption Smoothing: Evidence from the US Consumer Expenditure Data,” 2004, as have Kevin Hassett and Aparna Mathur, “A New Measure of Income Inequality,” American Enterprise Institute, 2012.
25. This paragraph changed the assumption that housing and incomes both doubled. Now assume that income doubles, but due to the housing bubble, the high end of housing quadruples. Here is an example. If Mr. A’s \$80,000 house doubles to \$160,000 but Mr. B’s \$150,000 house quadruples to \$600,000, Mr. B’s housing wealth has increased by \$450,000 (\$600,000 to \$150,000) while Mr. A’s has only increased by \$80,000. The wealth gap has widened by the difference of \$370,000 (the new gap \$440,000 minus the old gap of \$70,000). Mr. B is now much richer and it was all due to the market prices of houses that only counts when a house sells.
26. According to Bill Gross of Pimco in an interview on CNBC television’s Squawk Box.
27. James Gwartney et al., *Economics: Public and Private Choice* (Mason, OH: South Western, 2009), 591.
28. Robert Rector and Rachel Sheffield, “Understanding Poverty in the United States: Surprising Facts about America’s Poor,” *Executive Summary Backgrounder* 2607, September 13, 2011, [http://thf\\_media.s3.amazonaws.com/2011/pdf/bg2607.pdf](http://thf_media.s3.amazonaws.com/2011/pdf/bg2607.pdf).
29. Ian Bremmer, *The J-Curve* (New York: Simon and Schuster, 2006).
30. A most-clever switch has been made here. Envy of the rich and a desire to have some of the wealth, hardly a moral argument, has been shifted to the immorality of the rich having riches when there are poor people around even when poverty is redefined in relative terms as the bottom eighth of any society.
31. According to a review by Ken Minogue in the *Wall Street Journal*, April 27, 2011, A15.
32. Paul Krugman, “We Are the 99.9%,” *New York Times*, November 25, 2011, A35.
33. There is much more to be said about this topic. The seminal paper was written by Simon Kuznets (*American Economic Review*, 1955). Kuznets found economic inequality rising then falling as a nation develops and matures.

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34. The following is from a posting by Roger on November 6, 2011, at <http://www.atlantajwj.org/> (sponsored by Atlanta Jobs with Justice, a coalition of 19 labor, community, student and faith-based organizations). It is now available at [http://www.atlantajwj.org/2011\\_11\\_01\\_archive.html](http://www.atlantajwj.org/2011_11_01_archive.html).

Atlanta had the widest income gap between rich and poor of all major U.S. cities from 2005 to 2009 (U.S. Bureau of the Census). The Atlanta region lost more jobs last year than any other metropolitan area (U.S. Bureau of Labor Statistics). Georgia has the 3rd highest rate of poverty in the United States, with 1.83 million Georgians living in poverty (U.S. Bureau of the Census). Georgia's unemployment rate has been higher than the national average for 50 consecutive months. Atlanta's September rate was even higher than Georgia's: 11.5 percent in the city and 10.5 in the metro area (Georgia Dept. of Labor).

35. Posted by Roger, November 6, 2011, at <http://www.atlantajwj.org/>. Italics not in original. It is now available at [http://www.atlantajwj.org/2011\\_11\\_01\\_archive.html](http://www.atlantajwj.org/2011_11_01_archive.html).