

PM John is having a heated debate with his finance minister.

John: It is unconscionable that with so many millionaires in our country, we still have many who cannot afford basic medical insurance or a roof over their heads.

Minister: Well, it is impossible to totally eradicate poverty.

John: We certainly can do more. We can subsidise public housing, and provide free education and healthcare.

Minister: How are we going to pay for all that?

John: By increasing taxes on the higher income brackets.

Minister: I disagree with the policy of taxing the rich to help the poor. First, it will **cause unhappiness** among those who are taxed more. Second, it will **disincentivise hard work and harm the economy** in the long run. Third, taking money from a person to give to another is a **violation of rights**.

John: What do you suggest then? Surely, it is the government's responsibility to help the poor?

Minister: Is it?

Elaborate on John's and the finance minister's arguments. Do you agree with them?

Should the government tax the rich to help the poor?

A **principle of distribution** says how resources should be distributed in a society.

A **criterion of distribution** is the value that a method of distribution aims to promote.

For example, a (corrupt) principle of distribution is “Resources should be distributed to benefit the ruler’s family and friends.”

A criterion of distribution might be “maximum happiness”.

Besides each of your listed reason, write the criterion of distribution implied by you reason.

Should the government tax the rich to help the poor?

Yes.

The poor requires help to fulfil their basic needs. (**need**)

The total happiness felt by the poor will outweigh the total unhappiness felt by the rich. (**utility maximisation**)

Wealth inequality is inherently unfair. (**equality of outcome**)

The poor do not have the same opportunities to succeed in life as the rich. (**equality of opportunities**)

An unequal society will ultimately lead to societal tensions and disorder. (**societal unity and peace**)

No.

The rich will feel resentment at their money being taken away. (**utility maximisation**)

Redistribution will discourage hard work and harm the economy in the long run. (**economic growth**)

Citizens should be taxed equally. (**rights of citizens**)

The rich deserves to keep their money since they have worked hard for it. (**desert**)

Libertarian view

The government should not impose any taxes for redistributive purposes at all.

The government should just stay out of the business of managing the economy (including providing healthcare, education, housing etc.). Instead, it should leave it to the free market – *individuals freely producing and trading* – to determine the production and distribution of resources in society. (**economic rights**)

In arguing for whether a method of distribution is just, we can consider

- 1) the principle of distribution.
- 2) whether the method of distribution adheres to a particular principle.

For example, consider the following argument.

The rich should not be taxed **because** we should reward those who have worked harder.

Distributive Justice

Central Question:

How should resources be distributed in a society?

Other Essential Questions:

What role, if any, should the government play in distributing these resources? (government intervention vs free market)

Should the government redistribute resources from the rich to the poor? Why and how?

PM John continues his heated debate with his finance minister.

John: Our economy is in a slump. What is worse, notwithstanding the increasing number of millionaires in our country, the poor is barely making ends meet. We need to do something about it.

Minister: I agree.

John: We need to increase taxes and give more resources to the poor. Increasing the poor's spending power will not only meet their immediate needs, it will help spur the economy.

Minister: I disagree. Be wary of the unintended effects of generous welfare, coupled with high taxation on the rich! This policy will wreck the economy in the long run!

John: On the contrary, by helping the poor, they will become both better consumers and more productive members of the economy in the long run.

Try elaborating on John's and the finance minister's arguments.

Will redistribution harm or help the economy?