

Medium

Do the Rich Deserve to be Rich?—Basic Income Ethics

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There are some relatively wealthy people who've received good wages, or who owned and ran a successful business, who seem to think that because they've done well in a market economy—because the market has rewarded them handsomely for their work—that must mean that they clearly *deserve* the income and wealth that they now enjoy.

In some cases, perhaps they do. But in some cases, perhaps they don't, because that's *NOT* how market economies function.

Now don't get me wrong. Few, if any, markets are perfect, but market forces have been very important to the development of today's advanced, wealthy societies, which in most cases meet our needs and provide us with a decent supply of luxuries.

But **markets don't assess people for how much they deserve and reward them accordingly.** And to believe that they do would be a total misunderstanding of how the market system operates.

When markets set prices and wages, they simply set them so as to try to avoid shortages and surpluses. Buyers compete with one another to secure supplies and sellers compete with one another to secure sales. Buyers try to get the best deal they can and sellers try to maximise their profits. And these forces are what power the price mechanism.

And the price mechanism works to provide the incentives people require to get things done. Prices may rise to incentivise people to produce more—and thus avoid shortages. Or they may fall to discourage over-production and prevent surpluses.

And wage levels are determined in a similar way. If a CEO is paid 10 million dollars a year, that's not because he 'deserves' that money. It's because the board believes they need to pay 10 million in order to secure his services.

And if a worker is only paid ten dollars an hour, that's not because he or she doesn't deserve to earn more. It's because that's all the employer has to pay to entice them to work.

Markets play a very important role in helping us to avoid damaging shortages and wasteful surpluses. But they are *not* mechanisms for giving people what they 'deserve.'

So if you're rich and you've got exactly what you deserve, then that's probably a coincidence, and you're the exception to the general rule, because that's not what markets are for!

The curious thing is that the people who claim the rich get paid what they deserve are usually also amongst the people who say that our economic success (such as it is) is due to us living in a market-based economy.

Well; one or the other, please! *Either* the rich get what they deserve *or* we're operating a market economy, but it's astronomically unlikely that both could be happening at the same time!

We should be honest enough to admit that there are many factors that contribute towards a person becoming rich. They might have become rich through hard work. They might have become rich by being naturally talented. They might have become rich through good fortune. They might have become rich by using deceitful and immoral practices. In most cases, it will not be just one of these factors which led them to be rich, but a combination of several of them—or even all of them!

And which of these factors ought to lead to riches in a fair society? Perhaps most people would agree that someone who works hard producing useful goods or services should be rewarded for their efforts, but what about someone who is talented? Isn't it just good fortune that made them more talented than other people? If so, this doesn't seem to be a very fair way to determine who should be rich and who should not be. And we wouldn't want people to become rich through lies!

We clearly do not live in a meritocracy—a society where people are rewarded according to pure merit. A millionaire businessman might say he worked hard to earn his money, and perhaps he did, but many other people—from coalminers to cabin crew—work hard and yet are not millionaires. Furthermore, some dishonest, incompetent people become wealthy, whilst many honest, hard-working and talented people remain relatively poor.

It ought to be very clear to all but the most determinedly blind that there is not a very close correlation between those who deserve to have money and those who actually have lots of it.

And this is hardly surprising—since **giving people what they deserve isn't what the market mechanism is all about**. The market system isn't designed to particularly care what people deserve or don't deserve!

Some people, I suggest, do not really deserve to be as rich as they are—and if this is the case, then it seems entirely fair that some of their wealth should be redistributed to people who are less well off but more deserving than themselves.

But if we accept that as reasonable, there's still another problem: Who, if anyone, can be trusted to decide who 'deserves' more than they have and who 'deserves' less? The market has no particular interest in such ethical issues, but we can hardly trust the government to fairly decide such matters. That would be a recipe for corruption on a monumental scale.

And even if you could organise a 'fair' redistribution system that made reasonable decisions about what people deserve, you'd run the risk that it would so interfere with the market mechanism that we'd have widespread shortages and possibly even general economic collapse. We use markets for a reason!

But what we easily *CAN* do is introduce a **Basic Income** system—and make a regular payment to all resident citizens, sufficient to meet their essential needs.

Perhaps not everyone does deserve the essentials they need to carry on living (I've certainly met a few candidates I'm not entirely sure about!), but **Basic Income is based on the idea that we should be kind enough, generous enough and have enough basic humanity that we're prepared to go with the working assumption that everyone deserves to have the basic resources they need to survive.**

A Basic Income system doesn't even attempt to assess what each person *deserves*. It leaves plenty of room for the market to still do its job. It just provides a basic foundation of financial security upon which people can plan and build their lives.

Beyond that basic foundation, we'll continue to be subject to market forces—both fair and unfair. Hard work, talent and luck will continue to be rewarded—or not rewarded—by the market forces that don't care what people deserve.

But at least we'll be living in a society with enough decency to act as if **every human being deserves to have the essential resources they require merely to live, without having to constantly justify their existence to anyone else.**