(With What Cutlery) Should We Eat the Rich?

Savriël Dillingh
Erasmus University Rotterdam
Erasmus Institute for Philosophy & Economics

(With What Cutlery)

Should We Eat the Rich?

I. Why even care about the rich?

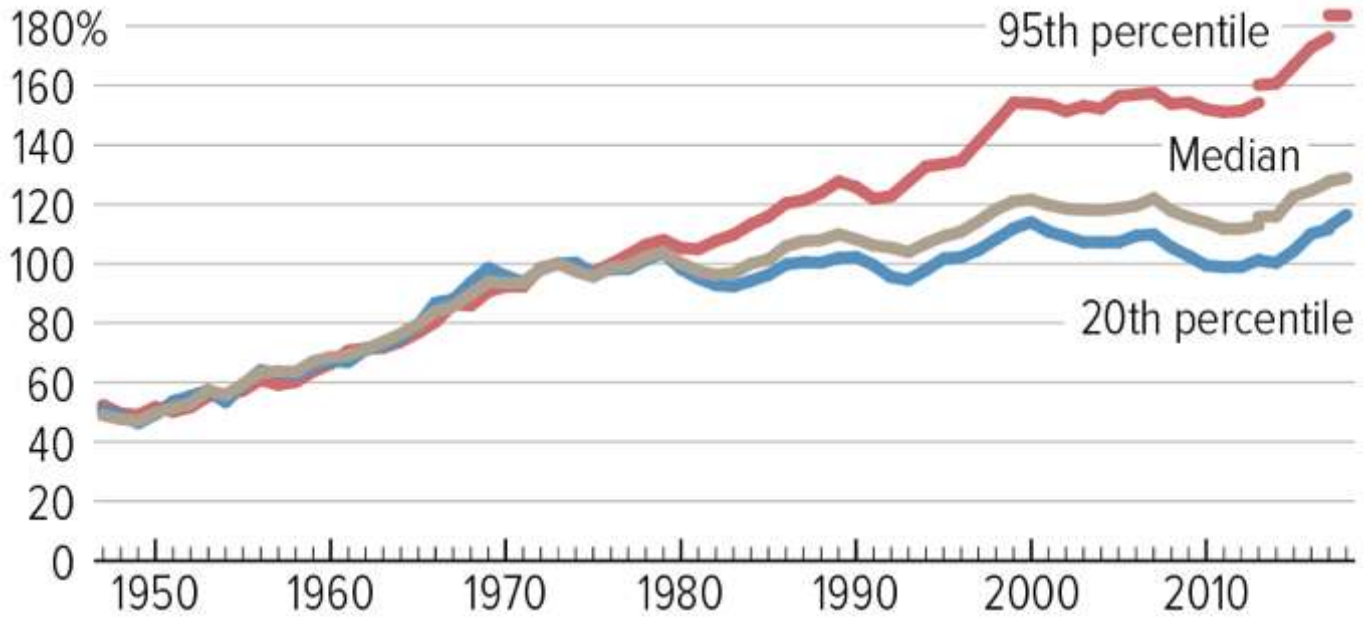
II. The public and the private

III. The cutlery: a few options

Why Even Care About the Rich?

Income Gains Widely Shared in Early Postwar Decades — But Not Since Then

Real family income between 1947 and 2018, as a percentage of 1973 level



Note: Breaks indicate implementation of a redesigned questionnaire (2013) and an updated data processing system (2017).

Source: CBPP calculations based on U.S. Census Bureau Data

"I don't care about equality. I lose sleep over poverty."

- **Ben Bernanke**

Why care about the

rich…

…when we could care about the

poor.

Unfair

Unjust

Ingrid Robeyns

The rich make it harder to solve the problem of poverty because:

- They interfere in democratic processes through lobbying and the threat of capital flight
- They disproportionality use up resources we could (and should!) use to combat poverty

In a world without poverty, we might not have to care about the rich,

“but we do not live in that world”

Should we eat the rich?

Provisional answer:

Only insofar as they keep us from saving the poor

The Public and the Private

The First Fundamental Theorem of Welfare Economics

- Let $\mathbf{x}^*$ be the allocation at a competitive equilibrium and $u_i(\mathbf{x})$ be the utility of individual i for the allocation $\mathbf{x}$.

  If $\mathbf{x}^*$ is a competitive equilibrium, then:

  $$\text{For all feasible allocations } \mathbf{x}, \text{ if } u_i(\mathbf{x}) \geq u_i(\mathbf{x}^*) \text{ for all } i, \text{ then } u_i(\mathbf{x}) = u_i(\mathbf{x}^*) \text{ for all } i.$$

The Second Fundamental Theorem of Welfare Economics

- Let $\mathbf{x}^P$ be a Pareto efficient allocation.

  There exists a redistribution of initial endowments $\mathbf{w}'$, such that the competitive equilibrium allocation $\mathbf{x}^*$ resulting from $\mathbf{w}'$ satisfies:

  $$\mathbf{x}^* = \mathbf{x}^P.$$

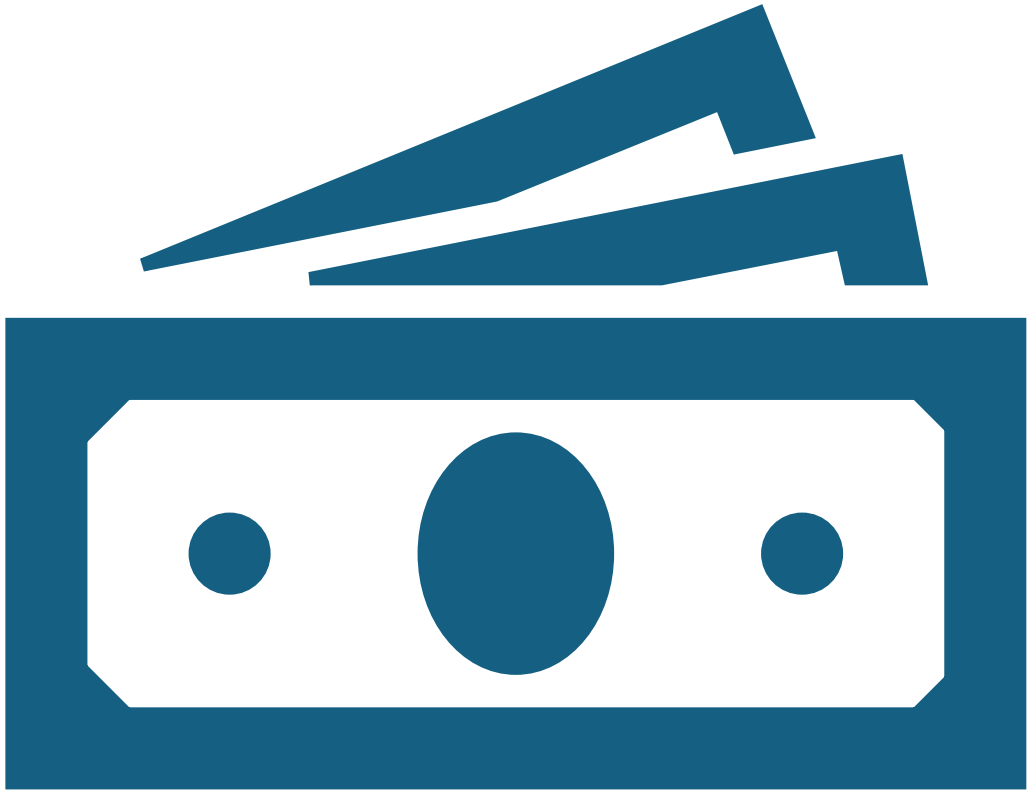
The Fundamental Theorems of Welfare Economics

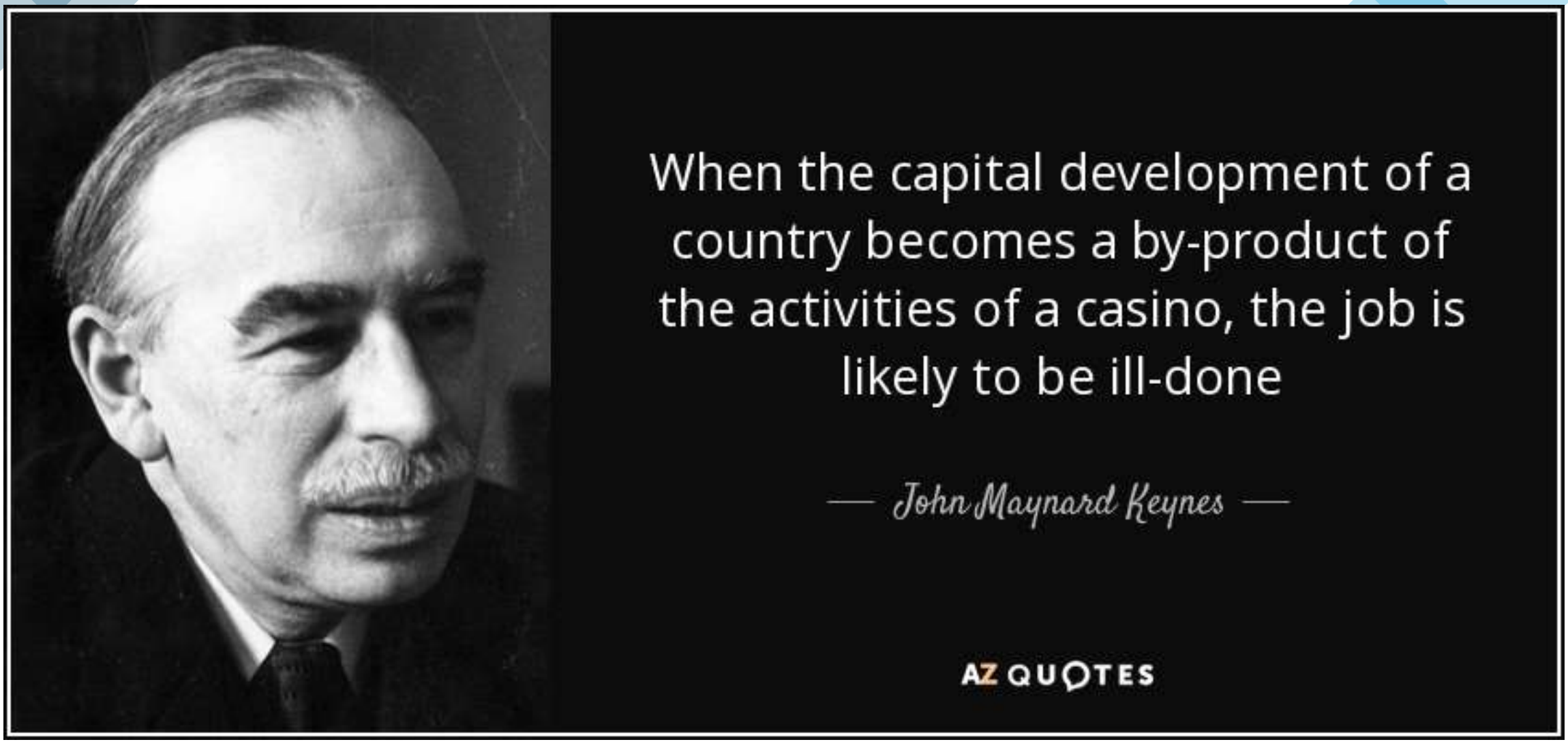
(**assumption**) We can improve welfare by satisfying people's preferences

(1)Perfectly competitive markets satisfy preferences – as many as possible! - without dissatisfying other people's preferences.

(2)This works no matter which starting point people have

win-win




When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done
— John Maynard Keynes —
AZ QUOTES

A rising tide raises all boats

THEY SAY A RISING TIDE LIFTS ALL BOATS.
DO THEY SAY WHEN?
99%
©2014

The Fundamental Theorems of Welfare Economics*

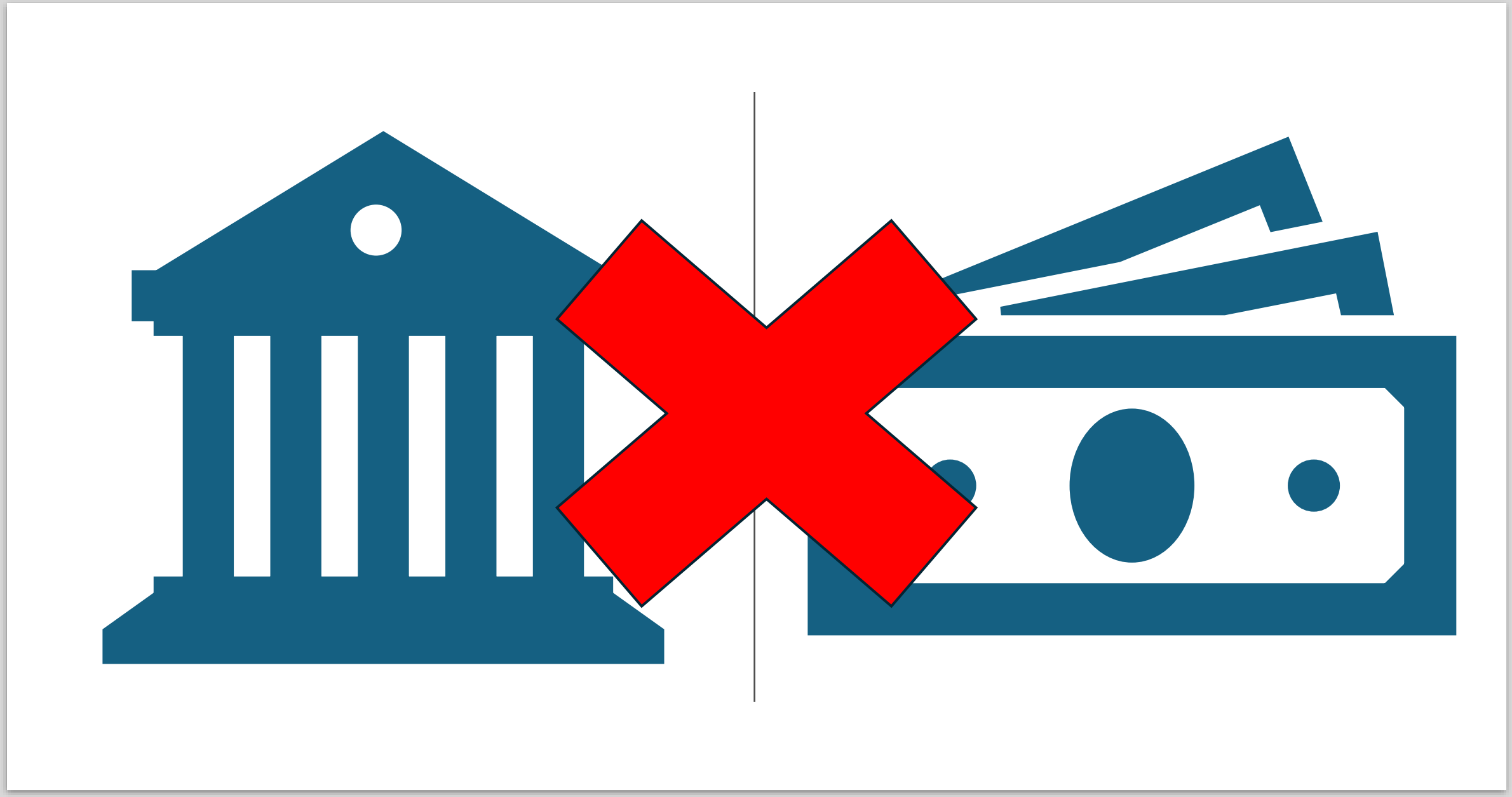
(Assumption) We can improve welfare by satisfying people's preferences

(1) Perfectly competitive markets satisfy preferences – as many as possible! - without dissatisfying other people's preferences.

(2) This works no matter which starting point people have

- ***If we have markets in every commodity***
- ***If interactions have no negative effects on other human beings***
- ***If everyone knows the price of every good in every single market (and how these relate to each other)***
- ***If people always behave like self-interested utility maximizers***

LOSE
WIN



because

Limits

Equality

Sufficiency

Priority

So
Should We Eat the Rich?

Yes.

If we want to save the poor, we'll have to eat the rich

The Cutlery:
a few options

We ask nicely

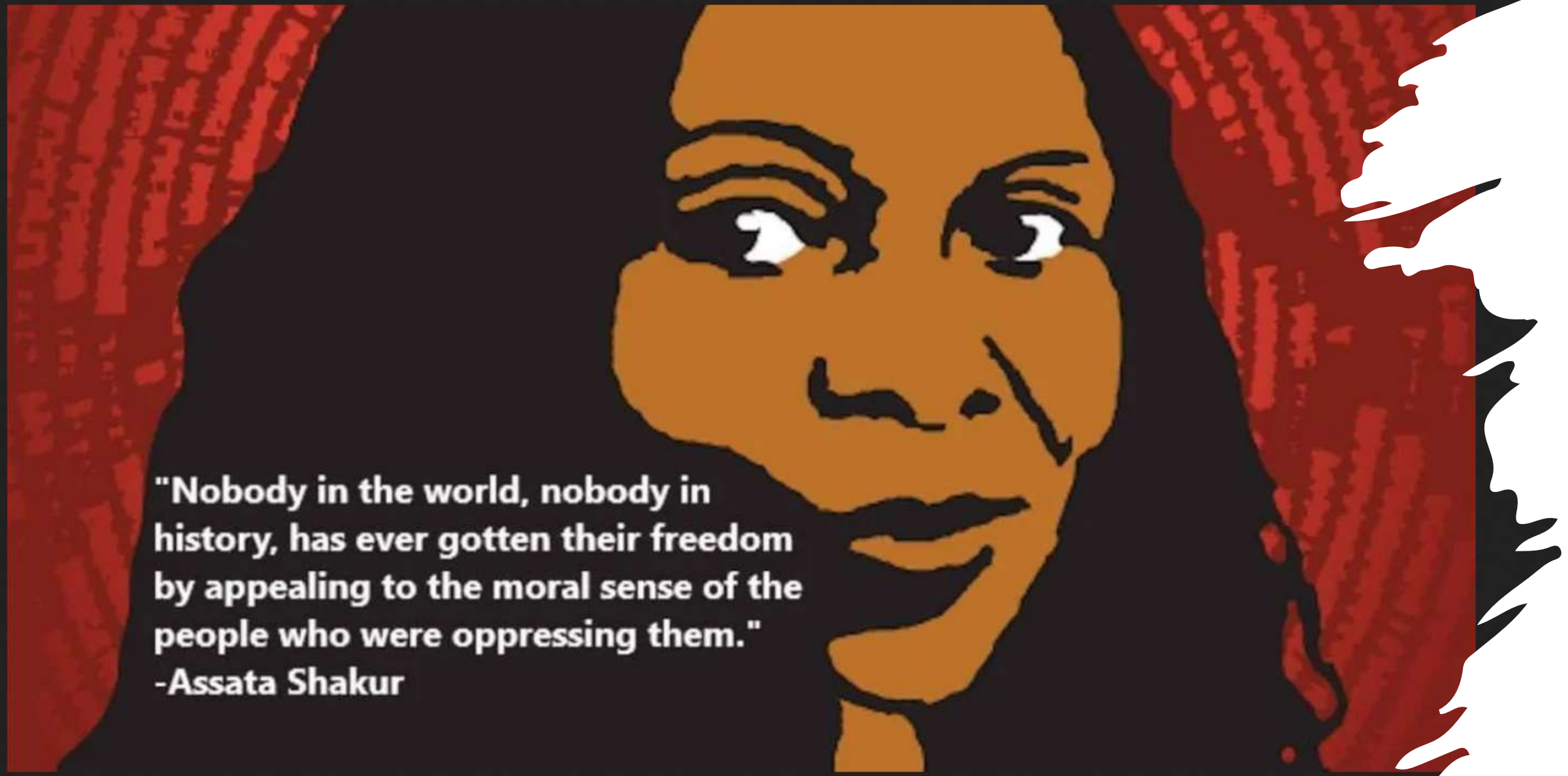
- Okay so we don’t actually eat the rich
- Because, um… because…
- Somehow raise taxes
- Somehow strengthen unions
- Hope it sticks this time

We eat the shareholders

- ...by all of us becoming shareholders
- Everyone gets government-distributed stock bonds on their 18th birthday
- Public cooperative banks allocate investment
- Firms are turned into worker-cooperatives

We build the new world in the shell of the old

- We leave the rich alone and develop a new system without them
- We build solidarity networks
- We grow food locally
- We champion state-less local democracies


"Nobody in the world, nobody in history, has ever gotten their freedom by appealing to the moral sense of the people who were oppressing them."
-Assata Shakur