

MELANGE

Economic Redistribution

William F. Buckley, the pundit of free-market conservatism and guru of the American right, was asked at age 74 to imagine what views he would espouse were he to be reborn as a college student of today. "I'd be a socialist," he told the startled interviewer. "I'd even say a communist." He ran down a list of causes, including global poverty and AIDS, that would give his young counterpart misgivings about the free market. The genuineness of his qualms is intimated by a further remark he made in the same interview. The emphasis on the market by conservatives, he said, "becomes rather boring. You hear it once, you master the idea."

What Buckley or anyone else is able to "master" of the economy in a single hearing is at best a caricature. In the real world, one size does not fit all. The caricature trips up on a crisis like AIDS or poverty that does not fit into a one-dimensional worldview. ...

Economic analysis has its limits, of course. It cannot resolve the major question of whether, and by how much, the government should redistribute income. How you believe the fruits of economic success should be shared comes down to your own values. It is not solely a value judgment, for we can measure the downside of redistribution: the extent to which taxing the better-off discourages them from working and investing and thus hampers the economy.

Debates between the left and right sometimes come down to claims, often implicit, that the disincentives from taxation are small or are large. Economists can usefully contribute to such debates, by empirically assessing the consequences of redistribution. But better data cannot settle the central question about redistribution -- what is society's obligation to its poor? -- for the answer rests on what is fair and just. An economist has no more to say about this than anyone else.

-- *John McMillan, professor of economics at Stanford University, in Reinventing the Bazaar: A Natural History of Markets, published by W.W. Norton*

