

Forget Redistribution - Why Direct Income Distribution is Key for Equality and Justice



Equality and justice have many dimensions – economic, legal, social, and cultural ones. In real life, capitalist society is neither just nor equal in any of these dimensions. Just look at the differences in the average life expectancy between blue-collar workers on the one and businessmen, managers and “free arts” pro-

fessionals on the other hand and you get an idea of the profoundness and implications of these inequalities. Yet, nowhere western societies are as persistently unequal as in the economic field. Inequality in income (and wealth) has been growing constantly in the last decades all over Europe. In most countries, the wage share has fallen drastically since the heydays of the post-WW II welfare state consensus.

Paradoxically, the European left has paid relatively little attention to the question of direct income distribution in the past decades. It has instead focused its political zeal on public services and the “compensatory” redistributive activities of the state, supposed to repair the most negative effects of the primary distribution within the economic sphere. In this logic, not the primary distribution of wealth and value added, but the rate of government consumption to GDP and taxation rates are seen as the central indicators of a socially balanced market economy.

Yet, this concept is becoming increasingly contradictory: Despite rocketing profits, taxes on capital, profits and revenues are contributing less and less to finance the welfare system and the public sector. Instead, it is increasingly the “average” population that has to assume the fiscal burden of welfare systems and public spending. Given this state of affairs, it is not much of a surprise that this type of welfare “solidarity” is increasingly hard to

sell on the electoral marketplace. The acceptance of solidarity mechanisms that essentially consist of “asking the relatively poor to support the very poor” (Marcel Gauchet) is weakening. In this respect, it is instructive to see how easily all over Europe austerity policies and public spending cuts could be implemented during the last month.

What should the left do in this situation? What can we do to make our societies more just and equal? One question seems crucial and most important: We have to bring the question of primary distribution back into the centre of the political debate on social justice. Not the scope and amount of welfare transfers, but the adequate remuneration of work is the litmus test for the social character of a market economy. The central battlefield for social justice lies within the economic sphere: it is the ratio of distribution of the value added and the wealth produced between profits and wages. To invert the tendencies of the last decades, more is needed than just decent minimum wages. What is necessary is a wide-ranging agenda of re-empowerment of labour.

Neoliberalism has systematically altered the balance of power between labour and capital in favour of the latter. The policies implemented to this effect included not only deregulation, labour market reforms and changes in the regulation of industrial relations. They covered a far broader field of regulations and deregulations, ranging from domestic “reforms” to European integration, liberal immigration policies and the reorganization of the world trade system via the regulatory body of the WTO or regional trade arrangements. Any attempts to reverse the tide will have to use a similar breadth of instruments. Greater rights of co-determination and the extension of compulsory profit-sharing agreements inside enterprises and firms, the instauration of legal minimum (and maximum) wages, the re-regulation of labour

Forget Redistribution - Why Direct Income Distribution is Key for Equality and Justice

markets, the strengthening of worker's and trade union's rights, higher taxation of profits, top incomes and inheritance, a rethink on the permissive stance towards the constant inflow of cheap(er) labour via mass immigration and a robust stance on further "negative integration" within the EU – there are many ways to restrengthen the negotiation position of labour and to drive a real "stakeholder capitalism" if one is serious about doing so.

Given the growing public scepticism towards the efficiency of welfare transfers and the long-term implications of the high levels of public debt, it is ever more urgent that we start to conceive policies of justice and equality that go beyond a mere reproduction of the established patterns of the 20th-century welfare state and its limits. A fair society is not necessarily one, where state expenditure is highest. It is one where people can live decently from their work and where as much people as possible simply do not need help from others.

Related posts:

1. [Rethinking Justice and Equality](#)
2. [Rethinking 'Equality' and 'Justice' for the Good Society](#)
3. [Rethinking Equality and Justice for the Good Society – A New Online Debate](#)

Click here to send your **feedback**



Printed with