

by Andrew Mellon, 10/21/10

Amidst the requisite election-year class warfare being played across the country, one of the common arguments being made by the left and accepted begrudgingly by the right is that those who earn the most should pay their fair share. While both sides might differ over the size of one's "fair share," nevertheless even the most sober conservatives will usually concede this point. Yet when one looks at how wealth is created, especially in spite of an economy as increasingly shackled as ours, this proves to be a specious argument.



The "fair share" arguments insinuate that the businessman, the entrepreneur, the inventor greedily piles their money on the backs of the poor. Even for those who don't see the world this way, there is a pervasive feeling that because one lives comfortably, one should be forced to support others because one has had such good fortune. While you or I may agree that there is great merit to being charitable, I think we can also agree at least in principle that it is immoral for us to force someone to be charitable — especially if that "charity" is a government-run one for a government-determined cause, which is to say that it bears little resemblance to a charity at all.

But more importantly, what is forgotten are all the benefits that accrue to society as a result of the efforts of the wealth producer.

For it is the producer who generates wealth by applying his skills, energies and ideas and taking risk, generation which requires the creation of jobs both within his firm and within the firms that make up the other cogs in the chain of production, the proper allocation of capital by investors to fund the idea and the provision of a product that society values. For one to make a lot of money, all of these disparate parts must come together, leading not just to success for the producer, but food, an education and healthcare for the family of the employee and all of the employees at the firms that helped in the production of the good, a return for investors that can be reinvested in other profitable ventures to grow the overall economic pie and over time better and cheaper goods for the consumers, those who solely determine which producers are rewarded with profits and which are penalized with losses.

Not to mention that the use of the wealth created in such a process will lead to the creation of still more jobs, better and cheaper goods and a further expanding economy. The masterful process that brings together all of these different parties and aligns them with the wishes of society is the surest way to increase the general welfare — it is capitalism and it must be defended.

So in any event, when one speaks of evil wealthy people, and the idea that somehow they are wrong for earning so much and should be forced to give some of it back for the benefit of society, what is forgotten is that the wealth they generated for themselves came from a process in which they created wealth for everyone else. Out of their own self-interest whether they intended it or not (and there are evil businessmen just as there are evil labor union reps just as there are evil politicians), they pay arguably more than their fair share to society in all they provide for it; for the poor to disparage them is to act against their own interests because it is the folks who produce the goods and services that create jobs that raise the living standards of the poor.

The only people who should be disparaged are those who make their living through the redistribution of wealth from the producers, by virtue indirectly of receiving favorable regulations for their products or services or prospering from increasing litigiousness, or directly by the socializing of their losses or receiving of unconstitutional government contracts. These people do not increase the economic pie because

they do not create wealth by using investment capital to produce what society wishes, but rather consume wealth confiscated from the producers. Wealth redistribution is part of the zero-sum game that the socialists lament, capitalism which results in wealth creation is not. Wealth redistribution is also undemocratic because unlike under capitalism where the consumer, i.e. all of society is king, in a socialized economy it is the government elite who dictate the whole economy, robbing us of choice and of wealth due to the failure of their central planning.

To put onerous burdens on the industrialists, the entrepreneurs, the businessmen, the builders, the creators is destructive to civilization — it is these people who should be most cherished by society, and most encouraged to flourish, because the benefits of their successes accrue to us all. To punish people for their contributions will just as surely hurt us all.



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