

## Topic 3: What Tax is Best? 2. SHARING SOCIETY'S PIE

What is a Fair Distribution of Society's Goods?



As we saw in Shipwrecked, there are many ways people can think about whether a distribution of benefits (money, goods or products, services, privileges, etc.) is fair. Sometimes people say benefits should be distributed on a "first-come, first-served" basis.

"The early bird catches the worm."



Like when we stand in line to get concert tickets.





Absolutely. What about an example of this in Shipwrecked?

Barbara finding the water—she was the first.





And her finding the water is an example of another measure of fairness: luck.

People often say a distribution is "fair" if it is "equal," but "equal" has many meanings. A common definition of equal is: equality of outcome measured numerically.

> Like if all the people on the island get the same amounts of water, peanut butter, coconuts, etc.





Exactly. Another definition measures **equality by need.** If need is the measure, then a fair distribution is one that distributes benefits (whether they are water, peanut butter, coconuts, or something else like healthcare or education) in a way that everyone's

needs are equally satisfied.

So under a needs-based distribution, Eden would get more food than Hannah, for example, right?





Yes. Do you think we should always use the same standard for determining whether a distribution is fair? Well, using a "first-come, first-served" basis is fair for concerts and getting helped in a store but, I'm glad that wasn't how the hospital decided to help people when my sister was rushed to the emergency room unconscious after getting hit by lightning.



That's right, I was with you and Iremember that a bunch of people were already there with some minor cuts from an accident.



Good thing they took my sister first or she could have died! Thanks to that quick action she's fine now.





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Often people want to distribute by need within the family but by merit outside it.

Definitions of fairness and equality also depend on attitudes and beliefs about people and about society. Different people and societies have different ideas about these concepts.

Carlos, what things-or areas of things-do you think must be equal if we want a fair society?





OK, if you admit you were daydreaming, I'll admit I was too vague. Try this: Which, if any of these three things do you think a fair society should have: a) Everyone should have an iPhone

b) Everyone should have the same hair color, or

c) Everyone should have the same right to vote?

A, the iPhone. Just kidding, of course. I mean C, right to vote.





How about choosing between: everyone should have a college education or everyone should have the same opportunity to go to college?

That's easy: a college education.



Wait a minute! I don't want a college education. I'm going to be an airline pilot, and I need flying lessons for that more than I need a college education.



Well, we shouldn't force Briana to go to college. And entertainers like me don't need college either.



Amazingly, I agree with Jayden. Since some people like Briana don't want or need college, maybe everyone should just have the same opportunity to go to college.





So you're saying what's important is **equality of opportunity** (equal chances to have or achieve something like money or college education) not **equality of outcome** (everyone has the same amount of education or money).





It just so happens that most Americans believe in equal **opportunity**, not equal **outcomes.** They believe that everyone should have, for example, a real opportunity to go to college and real opportunities to make other life choices, but the end result or outcome of those opportunities will be different from person to person.

Ms. Lerner Their outcomes will depend on things like what they want, their talent, and their effort—even luck.

Well, I need good test scores to get into college! So my opportunity to attend college depends on the quality of the education I get before college.



Yeah, and you don't wanna flunk out once you get in because you can't understand anything!



Where's all the money to pay for that good education going to come from?





Well, one thing governments usually do is provide basic education for everyone—elementary and secondary school.

> Like I said, good education costs money! Where's the government going to get that?



Were you asleep in class the other day? I know that one! Taxes!



That's right, but just as we had to decide a fair or equitable way to distribute **(allocate or apportion)** benefits, we need to decide on a fair way to distribute the burden of paying for them.



We need a standard for determining each taxpayer's share of the total tax. The amount you pay in taxes is often called your tax burden or liability, but as Supreme Court Justice Oliver Wendell Holmes, Jr. said in 1927, there is another way of thinking about it:

## "Taxes are what we pay for civilized society."

In other words, we pay for our food, our clothes, our smartphones and many other things. Taxes are just what we pay for roads, schools, police, fire, courts, clean water, disaster help, national parks, safe planes, and many other things that the government provides. When I buy a phone, I'm the only one who uses it (well, my sister sometimes sneaks it). So it's fair that I pay for the whole thing. But roads and water and stuff—everyone uses them. How do we figure out how much everyone should pay?



Oh, come on, Carlos! You don't pay for it all yourself. I know for a fact that your grandma bought you the phone and your parents help pay the monthly bill.



Well, sure. The phone costs a lot and I don't earn that much at my job after school, and they have more money than I do. So it's fair that they help me!





So people who don't even use your phone are helping pay its price. Who should pay the price of civilization—the things that everyone uses? And how much should each pay?

