Poverty and Privilege

from “The Inequality Trap: Fighting Capitalism Instead of Poverty (UTP Insights)” by William Watson

> *“In sum, we should worry less about inequality, which is a distraction from what ought to be our true targets, poverty and privilege, and we should stop trashing our economic system as much as we do and defend it more aggressively against those who are blind to its virtues and achievements. We are living in an era that is unprecedented, astonishingly so, in terms of incomes and wealth for billions of people. Markets are not solely responsible. Government initiatives in education, agricultural research, and health, particularly public health, have certainly played a part. But it is hard to imagine that what has been a true great leap forward in the West in the last two centuries and in the Rest in the last four decades would have happened without reasonably free markets nor, certainly within the countries where Phelpsian flourishing first began but probably elsewhere too, reasonably open societies and secure property rights. No doubt many variations on democratic capitalism can produce good results. Our system can certainly survive being fiddled with and may even be improved by fiddling, though the chances of successful fiddling are seldom as high as fiddlers invariably attest. But all changes produce unintended consequences, and large changes risk big unintended consequences. This system has served the mass of people well. We should therefore think very carefully before rejecting it because of its supposed immorality, restarting history, and reaching for something dramatically different.”*

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I recommend this book. The author observes that problems attributed to inequality are otherwise sourced. Poverty and

privilege should be addressed; inequality can be a ruse that distracts us from greater and more pertinent problems.

Capitalism and a Welfare State are not incompatible, but the expense should be transparent. The challenge is to provide benefits where they are truly needed, avoiding lifelong dependency, without impeding the incentives and capitalist functions which are needed to fund the system.