

9 Big Questions About Democratic Socialism

Democratic socialism is hot in the United States right now. Both the American media and young people seem to be enamored of the thought of steeply progressive, redistributive tax rates designed to achieve some vision of justice.

As with most public policy ideas, we tend to get pretty far down the road before we ask basic questions related to the project. In other words, we imagine a result that appeals to us before we've really considered whether other effects are likely and whether the proposal is morally right in the first place.

Accordingly, I encourage anyone thinking about democratic socialism to ask the following questions:

- 1. What is the moral basis for taxing some incomes at higher rates than others?**
- 2. Do we imagine that incomes are entirely the result of some random process?** While John Rawls makes an argument along those lines – essentially, that no one really deserves their money because they didn't control the family they were born into, their genes, etc. – there is a reasonable argument to be made that many people with such advantages seem to fail, while others who lack those advantages seem to succeed. In other words, attributes such as determination, hard work, the willingness to delay gratification, conscientiousness, and others may well matter more than whether one was born into a family of means.
- 3. Do we understand that people with high incomes are the most mobile people on earth and that such persons are most able to leave one tax regime for another?** Countries that impose high taxes often find that they end up losing some of the best

payers of taxes as they move elsewhere. The same is true of corporations who seek to preserve capital from taxes. There will always be nations who offer more competitive rates of taxation.

4. Related to question #3, do we realize that governments exist in a competitive landscape, very much like businesses do? If one government offers a bad deal—high tax rates, inadequate value for taxes, etc.—then citizens and companies who *can* move *will*. They will select a friendlier sovereignty. Unless you want to be a nation who builds walls to keep people *in* rather than out, you have to give good incentives to stay. There is a reason the toughest places to leave are also the places many people would like to leave. They have been captured and effectively enslaved.

5. Do we have a right to treat wealthy individuals and organizations as a resource for our benefit? In other words, while it sounds good to impose a wealth tax that can bring trillions into the treasury, do we have a right to do it? The right can't be created simply by the fact of a majority voting for it. We should all recognize that majorities do not automatically vote for just results. So let's double down here a little: Why exactly are we entitled to a large share of someone else's earnings? Is it the mere fact of someone else's need? If so, then we should authorize on the spot confiscations whenever an immediate need is obvious.

6. Will democratic socialism damage innovation and economic growth? Steeply progressive tax rates provide a substantial disincentive to earn income above a certain level. The natural result would be to opt for more conservative returns from known methods and products. There is little reason to take risks for breakout success when the profits will be subject to a confiscatory rate.

7. Why do we prize many other kinds of freedom more than economic freedom? For example, Americans live in a culture

that attaches a tremendously high value to sexual autonomy. The result is that we have high numbers of abortions, children born without married parents, generations who live in cycles of poverty, and other negative effects. To paraphrase a professor friend of mine, "Why do we place such a high value on consensual sexual acts, but such a low value on consenting acts of capitalism?"

8. Do we really need higher taxes or do we need to rethink the way we spend our money now? Should entitlements be reconsidered? Should the defense budget find a lower level as the United States seeks to share responsibility for international order rather than being the primary one to shoulder it? Should we make greater use of localized governments where citizens can make choices for either more or less government so we can judge the effects in the great laboratories of democracy?

9. Are we getting taxation wrong? Isn't taxation really about funding the government rather than redistribution or some kind of social realignment? Are we looking to the tax system as a substitute for individual morality and stewardship? Is the tax system actually alienating in the sense that it applies some kind of automatic transfer to an arena that should entail real connections among people in communities?

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