

INCOMES AND THEIR DISTRIBUTION

Bob Goudzwaard

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Translated by Edward Vanderkloet

1. Introduction

The problem of incomes distribution is of permanent relevance. Time and again critical questions are raised in this area, public pronouncements are made, reflective meetings and study seminars are organised. And that is hardly surprising. The income at a man's disposal is one of the most important keys to the unfolding of his life. It does (or does not) furnish him with the possibilities to live with his family toward the destiny which, in essence, was reserved for the family in the creation of the world.

In addition, the earned income is a measuring instrument (although a very capricious and often unreliable one) of someone's work achievements. Many people, especially those who are themselves involved, often feel that a proportionally low income is an indication of being unsuccessful in society. Injustices in incomes distribution hit hard; those who suffer these injustices not only see their family wronged and their unfolding possibilities curtailed, but they also experience such injustices as a failure to appreciate themselves and their achievements.

It is well to state this clearly in the beginning of this sketch. After all, quite often every special attention paid to the problem of income ratios in our world is dismissed as an expression of modern materialism. Naturally, one can argue very materialistically about the problem of income ratios. But this is not necessarily so. For an income is more than an arbitrary sum of money. It determines the bearing ability of living societal structures (families as well as for instance, churches); it is, moreover, an expression of appreciation, or lack of appreciation, of someone's work. Just as labour is more than an economic commodity, so income is more than an arbitrary amount of money.

Questions for discussion:

1. Do you regard the great attention in our present-day society for the problem of income and wealth ratios also as an expression of materialism?
1. How can one escape the danger of materialism in a reflection or discussion on this problem?

2. Is there such a thing as an "ideal" incomes distribution?

Interest in the problem of income distribution emerges time and again; the same applied to the question which distribution of income can be labelled most fair and just. There is virtually no question to which such widely different answers are being given.

Is that income distribution a just one in which everyone is paid according to performance? It sounds pretty, but there are at least two serious objections against this thesis.

- First of all, many **cannot** perform - think of the sick, the aged, the widows - yet definitely need an income for their living.
- Secondly: what are performances? How can performances be measured and compared?

There are many who work hard but their labour is valued minimally by the “market.” Others barely use their abilities or very one-sidedly, nevertheless because of certain abilities or cleverness manage to walk away with a high income.

The “market” - or to say it differently: what people in economic life wish to pay for a certain work performance - is therefore a far from reliable measuring instrument for someone’s work performance. The “market” often rewards cleverness or tricks higher than willingness to work, speculation often more than careful calculation, and to some highly valuable cultural, social or religious achievements - think for instance of nurses, social workers, missionaries - it barely attaches any economic value.

Out of reaction there have been many who placed themselves on the other extreme tip of the see-saw. They then argue that an ideal incomes distribution would be one in which only **need** is given all attention. This is what the former Russian Constitution stated: “to everyone according to his need, from everyone according to his performance.” But here too, difficulties and false situations arise. To begin: is it correct to cut the tie altogether between endeavour or performance and the reward? Moreover, is it possible to cut this tie? Especially the latter question is revealing for anyone who wrestles with the problem of incomes ratios. After all, incomes don’t just appear. The possibility of income spending only exists if there is something to spend on, when in society goods and services have been produced.

When, in granting incomes, every connection with delivered performance would be severed, and the size of someone’s needs would be the only consideration, almost immediately that granted income would be able to do and buy considerably less. For when one does not have to do anything for an income, there will be much less zest and zeal to do something. Consequently, this will result in a decreased production of goods and services (which production is built on the will to perform). Then one will discover that less can be bought with the granted income; there will be a lack of spending opportunities, because much less goods and services are being produced in society. Over against all those incomes stands a smaller supply of goods and

services, resulting in a sharp price increase. Income becomes almost “worthless.”

It is clear that there are strict boundaries to the possibilities to drastically change the incomes ratios. Yet, here too, one has to be careful to guard against exaggeration.

Some conservatives defend the thesis that it would be best for everyone, if nothing were done to income ratios, and if the results of the market process were simply accepted. In this situation the financial stimulus would be as large as possible; consequently, the production of goods and services would grow as rapidly as possible, this, in turn, would mean that everyone could purchase the most in goods and services, no matter how modest that income might be. In this argument it is forgotten that there are other stimuli than just the financial ones, and that the total neglect of the “need factor” in the income distribution can lead to extremely unjust outcomes (think of those who, for example, cannot perform at all within the economic process due to illness, etc.). Behind this kind of argument, in its one-sidedness, hides the old conservative faith - *indeed a faith* - that the free working of the market process is the source of all happiness for human society, including the income and capital ratios resulting from it. For the true “believing” conservative the market and its results is the unassailable godhead, and the source of all happiness. Today we see an increasing number who adhere to this faith in all its consequences.

Summarising we can say the following:

1. It is virtually impossible to say exactly what is a just proportion (ratio) of income and wealth.
1. However, there is no doubt that a neglect of the need-factor would be disastrous for the life-unfolding of many.
1. It is equally true that a complete severance of the tie with performance in the production process can lead to injustices, also because it would mean that the incomes would offer increasingly fewer spending opportunities.

Questions for discussion:

1. What do you think would be the most just proportion of enjoyed incomes in society?
1. Which element should have preference, the need factor or the performance factor?

3. The Christian and Income Distribution

The previous section did not help us too much. With much élan (impetuosity) one can discuss the most ideal, most just incomes ratios, but eventually the discussion will stall, or it will explode in a multitude of irreconcilable standpoints. The question arises whether our approach should not be different; whether it would not be better to start in a way that is different from the quest for the most desirable, “ideal” incomes ratios.

It is good to emphasise this question about our manner of approach. In his manner of approach one always betrays something of his faith, of his deepest conviction. It is an expression of his world and life view.

We met some of this already in the previous section. When someone says that he simply wishes to accept the results of the market, the free supply and the free demand of labour, behind this manner of approach hides a faith, a belief in the all-healing power of the working of the free markets. And when the former Russian Constitution stated that incomes are controlled by the people’s community which distributes to each according to his needs - then behind this statement hides the faith that the people’s community (the State) is the source of all happiness, and that one can fully rely upon it and on its judgement. In the one case justice in incomes ratios is a fruit of the ever-righteous workings of the free markets; in the other case a fruit of the ever-righteous workings of the (state-like) people’s community. To say it differently: one cannot speak about just incomes ratios without betraying where, in essence, one seeks and wants to find the source of justice and righteousness in human relations.

For a Christian this source cannot and may not lie in the free market or in the free will of the State. The source lies in God and in His laws for the whole of human life. When speaking about just incomes ratios, we Christians simply cannot ignore this Source, without denying our Christianity and without drawing from other “sources of righteousness.” But - some sceptics will interject - isn’t this an empty slogan? Haven’t people derived from the Bible the most divergent viewpoints with regard to income ratios? People have appealed to the Mosaic legislation and its teachings (Torah) concerning property distribution, sale of harvest, care for widows, prohibition of money hoarding, and sometimes drastic measures re income proportions. Others, however, have appealed to words of Paul and of the poet of the Proverbs in order to explain the whole existing incomes structure as an unassailable, willed-by-God, given: “The rich and the poor meet together, the Lord is the maker of them all.” (Proverbs 22:2), “If any would not work, neither should he eat.” (2 Thess. 3:10)

I believe these arguments need not impress us. When people, with the help of Biblical pronouncements arrive at contradictory conclusions, this is not the result of an intrinsically divided Bible, but of an inwardly divided heart. Such contradictory conclusions prove that one has made the Bible ventriloquise, that one did not let God proclaim His own Word, but instead used His words to substantiate self-chosen ways. It is plain Bible distortion to derive from Proverbs 22:2 that God has made the existing income proportions, which we simply have to respect. As is evident from parallel texts (Proverbs 29:13 and 18:23) this word of Scripture means to tell us that, no matter how paternalistically or harshly the rich may treat the poor, they both are alike before God as people created by Him.

The Bible has a social message, also in the area of incomes ratios. Within His one, undivided Word, the protection of the poor and the weak is a not-to-be-ignored aspect of His total plan of redemption. What does this mean? Does it mean we have to put a knife in all income relations which we as individual persons deem unjust? Anyone who draws this wild conclusion fails to realise that the Bible always addresses people in their **responsibilities**. On the level of our own responsibility and calling we must combat unjust relationships.

And here we are touching the weak point in the manner of approach which starts in searching for some “ideal” income distribution. Whose **responsibility** is it to implement, if necessary with force, such an ideal income distribution? The State, the government, seems to be the only authority which could possess the means to do so.

But is it its task, its calling, its responsibility to distribute to each what it thinks is right? Then in fact we are already in the midst of a sphere of a totalitarian state, a state which appropriates the exclusive power over the whole of social and economic life.

In order not to follow a false course, we may not approach the problem of present-day incomes ratios from our ideals as individual persons. Instead, our approach must start from the calling and responsibility given to the state; from the mandate assigned by God to the state to be His servant working for the good of its subjects.

Question for discussion:

1. What, in your opinion, is the Biblical message for today’s incomes and wealth proportions? Has the Mosaic legislation any current relevance, and if so, what?

4. Government and Income Ratios

When the Bible speaks about a government working for the good of its subjects, this “for the good” does not mean giving to each and everyone whatever he wants and claims to need. Also this “for the good” of the government we must read within the larger framework of God’s will for our lives. A government for the good of its subjects, is a government which serves those subjects in their God-given life destiny in their family life, their work, in all their life situations. It does not rob its subjects of their life destiny, instead it creates public conditions enabling them to fulfil that life destiny and calling. It does so especially when injustices in societal relationships impede those subjects in fulfilling their calling and reaching their destiny.

What does this mean in the area of incomes distributions?

It does not mean a *carte blanche* for the government to distribute and re-distribute incomes. Then it would rob its subjects of a part of their life destiny and responsibility. *But it does mean that government has a task to rectify income and wealth relationships which obviously are founded on injustice over against one’s fellow man and which obstruct (impede) him in his life destiny.*

This contains, among others, three things which will form the main part of the remainder of this sketch.

- A. Combating abuse of opportunity and power positions in the process of income distribution.
- A. Creating conditions by which possibilities are tapped for a better incomes acquisition, also for weaker groups in society.
- A. Correction of the results of the social process of income distribution, insofar as certain incomes are insufficient for their recipients in order to satisfy their necessary needs for their life destinies.

These three themes require a brief explanation. A, B and C form, as it were, three ways by which the government can combat and correct the existing societal distribution of incomes. In A the justification and the basis for justice lies in existing abuse; in B and C, in the protection of the weak in society. In this group you will not find: the correction of income distribution in cases where, according to the government, certain people have too much income. In our opinion, it is difficult to defend the notion that because someone has an income above a certain limit, the government could decide that this is “too much” and therefore could compel such a person to share his “surplus” with others.

In our opinion the government must always have a legal ground to intervene in income relationships; after all, the government's task is to be for the good of its subjects as *justice-dispenser*. The legal ground for intervention, in our opinion, cannot be found in the simple fact that someone makes more income than others. However, this legal ground does exist when such a high income exists because of an abuse of power of opportunity situations; this legal ground also exists when other subjects and their families do not receive enough income to lead a life in accordance with their given calling.

Because of the spending possibilities of those subjects, the government may require a sacrifice from the high income bracket subjects (according to ability to bear) in order to assist the weaker incomes groups. Any view which goes farther than that, carries in our opinion, totalitarian germs within itself. Does this mean that we essentially acquiesce in the existing income distribution? The guidelines mentioned above - A, B and C - teach differently.

A. deals with the duty of government to oppose abuse of power and opportunity positions. It concerns the struggle against "unjust enrichment," against the appropriation of an income, in which others are unjustly robbed of their income to which they are entitled. Very high incomes quite often originate exactly in this way.

In section 5 we will pay further attention to this, particularly to speculation, director's remuneration, the relationship between wages and entrepreneurial incomes and the lot of the "forgotten groups" (retired people, small businessmen).

In the case of Method B - stimulation of income acquisition of weaker groups - one can think of education, property formation, credit granting, as well as regulations of minimum wages, profit sharing and a wider application of the system of non-percentage wise wage increases (see section 6).

In the case of Method C, we are dealing with corrections which the government still deems necessary because of weaker groups in society, even after everyone has received his income and even after the measures possible under A and B have been taken. Here we think particularly of taxation measures and the social security system (sec 7).

Question for discussion:

1. Are you a proponent of the idea that the government - guided by the differences in earned incomes in society - is justified to bring about a direct re-distribution of those incomes? If so, why? If not, what is a government justified to do?

5. Abuse of opportunity and power positions

Are there in our society clear examples of “unjust enrichment” or “exploitation,” against which government action is required? We will list a few possibilities.

1. Speculation.

In certain cases speculation must be labelled as unjust enrichment. In our opinion, this does not apply to those cases where one makes a durable investment in certain objects, hoping for a long term increase in prices or rates of exchange. But it does apply when one attempts to create an artificial price increase of goods involving the livelihood of many people (especially land) and withdraws quickly as soon as the sought price increase has become a fact. Speculation such as this often slips through the meshes of any legislation; a prohibition seldom helps. However it would seem justified:

- a) that speculative excess profit is taxed more heavily than normal profits;
- a) that government in granting compensations for expropriations, makes deductions for obvious speculative forcing up of prices;
- a) that, in times of excessive speculative forcing up of land prices, a price control is applied, as a form of protection of the weak against “opportunity hunters.”

2. Director remuneration (bonuses).

Occasionally there is public debate about exorbitant bonuses paid to directors. Requesting and granting of high directors’ remuneration can be related to obvious abuse of an opportunity situation or a power position; for example when directors are attracted only because of their “name,” when there is hardly a return service on the part of such directors and when the director himself regards directorships as collectors’ items. Does this warrant a general intervention by the government?

It may be necessary to restrict the mutual exchange of directors by corporations. This, however, will not have a significant influence on incomes ratios.

3. The relationship between earnings and profits.

Is there a distorted relationship between earned wages and (held back or paid out) profits, due to an abuse of power positions? In other words, are employees exploited by employers, or do the unions exploit the employers?

A question such as this one is not easily answered; it is moreover an emotionally loaded question. Some view the unions as the great exploiters of today attempting to assassinate the enterprise and the employer; others place all emphasis on the fact that the average income of the wage earner is still only a fraction of the income of many large corporation executives.

An indication whether or not there is an abuse of power involved reveals itself in the bargaining power of respectively, the employers and the employees organisations during the wage negotiations. Is there systematically a definite “underlying” party which is pushed into the corner because of the superior power of the other party?

No convincing arguments can be adduced for this thesis. It rather seems that employers and employees are a match for each other in the negotiations. As an emergency measure (last resort) the unions have the strike at their disposal. There are also the emergency measures able to be used by the employers, namely the passing on of wage increases in corresponding price increases. More about this in section 6.

What do the figures indicate? Below is a list which gives some indications. In the following tables you will find - for the years 1960, 1965 and 1969 - the size of our gross national product (i.e. the total amount of all we produced and spent) and how this was divided over the net spendable income of the working wage earners; the net income of the remaining income earners (independents, entrepreneurs, etc.); the payments coming from insurances, social securities and the part levied by the government - all figures rounded off in billions.

	1960	1965	1969
	(in billions of guilders)		
national income	38.5	63	92
<u>divided over:</u>			
net wages of working wage earners	13.5	22.5	30
other incomes	10	12	16
government	8	13	21
pay-out of social securities and insurances	7	15.5	25

This table shows that during the past ten years a certain shift has taken

place in the relationship of wage earners and other income earners, a shift favourable to the wage earners. In 1960 the relationship between the other income earners and the wage earners was 10 to 13.5 or 100 to 135; in 1969 this relationship had become 16 to 30 or 100 to 187. Since wage earners proportionally enjoy a lower per capita income, the above indicates a more equal income distribution. On the other hand, it is not so that percentage-wise the wage earners' share of the national income has increased extraordinarily; in 1960 as well as in 1969 the share of wage earners consisted of no more than approximately 1/3 of our total national income.

Some more figures:

In 1964 the average disposable income per head was:

in the group "independents"	f 12,400.00
in the group "corporation managers"	f 26,300.00
in the group "employees"	f 6,000.00
in the group "pensioners"	f 5,200.00

It should be kept in mind that these are **average** incomes; in these groups are many persons whose income is far below the average.

4. The relationship to the "forgotten group."

We now come to the last to be discussed possible case of power or opportunity abuse; the influence exerted by employers and employees (jointly or not) via wage and price determination, on the living standards of the "forgotten groups" (small businessmen and the self-employed, and those who live on fixed incomes - pensioners). There is every reason to adopt a critical stand here.

The most important internal inflationary source is the conduct of employers and employees during wage and price determination.

Year after year - save a few exceptions - the agreed wage increases have, on the average, clearly been higher than the increase in productivity. The employers have not strongly resisted this trend during the negotiations. Why not? For one thing, because they, as employers, profit from significant wage increases: when people have more to spend the demand for the products of the enterprise also increases. Higher wages improve the home market. For another thing, larger enterprises often also have at their disposal the "exhaust valve" of passing on wage increases to higher prices, at least during times when there is not strict price control. Therefore employers' resistance against rather strong wage demands has been relatively light.

The joint result of such price and wage increases, however, is the rise

of considerable inflation. And inflation is one of the most unjust income re-distributors that exists. The powerful are never hit hardest by sharp price increases. They can safeguard themselves, pass on their burden to others. The burden of strong inflation virtually always unloads itself on the heads of those who cannot pass anything on to others. It concerns those who must live on a fixed income; it concerns also, and especially, small business men who are unable to find an escape in higher pricing. Here may certainly be a situation calling for stringent government intervention. When both employers and employees attempt to safeguard themselves through increasingly sharp wage raises and fierce price increases, then this is a form of abuse of power and responsibility, which, via a wave of inflation, assails others - the forgotten groups - in their life destiny. Is it significant that 1/3 of the so-called small independents (small business men, farmers, vegetable growers, etc.) earns less than the minimum wage. Here one finds justification for restrictive government measures with respect to both price and wage policy (which must always be seen in their mutual coherence). These measures in the area of incomes policy shall have to be sharper as society deals less responsibly with the weak. Some figures:

	1965	1966	1967	1968	1969
annual price increase of consumption goods	4.4%	5.8%	3.1%	3.0%	7.5%

Questions for discussion:

1. Are you in favour of government intervention in order to check speculation?
1. Would you favour action against high director fees?
1. Do you find that in the present-day employer-employee relationship there are elements of exploitation?
1. From the viewpoint of just incomes ratios, are you for or against government intervention in wages and prices?
1. Are there, in your opinion, still other forms of abuse of power and opportunity in the existing income ratios?

6. Pushing up of incomes acquisition

Government policy with respect to the lower income groups in society must, as much as possible, be one in which these groups are given opportunities to acquire a better income through their own initiative and effort. Naturally, there are groups of persons, to whom this rule does not and may not apply: think for example of the widows and the

aged. But for many other groups this rule holds. Small business men are often better helped with good advice and information, than with whole series of income allowances, which hardly stimulate the exhilarating experience of new responsibility in daily work.

Which means are there available to push up the incomes of the lower groups? We will review some possibilities.

1. Education

Making all forms of education accessible for all classes of the population is and remains one of the most important means to improve incomes distribution. More education results in a greater supply of labour for the better paying occupations, consequently wages there will decrease. At the same time the supply of labour for the lower paying occupations decreases, resulting in a tendency of rising wages there. Broadening of education possibilities therefore is not only beneficial to those who will enjoy such education, but also to those who do not.

2. Profit-sharing and acquisition of possessions

Profit sharing means that employees, in addition to their wages, obtain a share in the profits, and, consequently, receive a higher total income when business results are good or improving. Although the proportionate relationship between wages and profits remains unchanged, wage earners also become (partially) "profit earners." For this reason strong government stimulation of profit sharing is very desirable; it could, for example, do so via tax advantages. One can differ on the question of whether profit sharing should become compulsory. In our opinion, it would be difficult to adduce indisputable legal ground for this. It is much better if such provisions are the result of good consultation between employers and employees.

3. A structural farm and small business policy

The industrial structure of enterprises in the farming and small business sectors can, in many such enterprises, become much more efficient than is presently the case. Therefore, a structural policy in these sectors can greatly improve the often weak incomes position of these groups.

4. The minimum wage

The minimum wage is also a powerful instrument to push up the incomes of the lowest-paid employees. The minimum wage, as it were, establishes a social floor: it is the minimum price for which employers are allowed to attract workers. The legal ground for such a provision is, in our opinion, absolutely present. After all, the employer does not just attract some pieces of labour power, but a living human being with (often) a family for which he has to care and whose life destiny may not be endangered. Here we have to do with a clear and necessary correction of the free operation of the market mechanics. Applying the so-called wage-index results in minimum wage earners maintaining their relative welfare position in relationship to all wage earners, and it prevents them from falling back on a lower welfare level.

5. Method of wage increasing

It is an interesting question whether or not the method of wage increasing should be changed. In concluding collective labour agreements the percentage norm is especially used. This means that almost everyone, regardless of his income, receives extra a fixed percentage of his former income in a given year. Someone who earns \$40,000.00 receives \$2,000.00 more if the increase is 5%; the person whose income is \$80,000.00 receives \$4,000.00 more.

Would it not be better to grant both an increase of \$3,000.00? The idea to move in this direction is appealing. First responsibility, however, rests with those who conclude the collective agreements: the employers' and employees' associations. The government, however, can stimulate this with civil service salaries. It should be borne in mind, though, that this method has its limitations. A consistent application of the system of "absolute" wage increases, could lead to a severe drain of certain occupations and to more unemployment in the lowest paid groups.

Questions for discussion:

1. Do you feel that the government should make profit sharing for employees compulsory?
2. With respect to the position of small business men, would you emphasise an improvement of their social security position and their family allowance, or would you rather stress an improvement of the structural policy? (Emphasising both is not a satisfactory answer.)
3. In applying today's minimum wage standards, do you feel that we go too far, not far enough, or just far enough?
4. Do you support a gradual introduction of systems of non-percentage wise wage increases?

7. Incomes corrections - afterwards.

From the table in section (5) it is clear that the state confiscates a large part of our national income or our national welfare. It does so in order to defray the cost of road building, to subsidise education and housing, to pay for defence, etc. For these purposes it levies direct and indirect taxes.

Direct taxes are paid directly to the government (income taxes, company tax, etc.); indirect taxes are incorporated in the price of goods and services (e.g. sales taxes and excise taxes).

The Dutch taxation system has always been based on the principle of taxation according to financial ability. This system has produced a certain progressive tax table. Also the indirect taxation contains a progressive element: we have a common tariff and a luxury tariff - luxury items are taxed more heavily. This method of taxation creates an important modification of incomes ratios. The differences in spendable (net) incomes in The Netherlands are not nearly as large as the differences in gross incomes, before tax deductions. These differences become even less when one considers the influence of social securities.

A number of figures will clarify this. In the following table Dutch tax payers have been divided into two groups: those belonging to the poorer half and those belonging to the richer half. Income distribution 1962.

	Distribution of gross incomes	Distribution after taxation	Distribution after taxation and after social securities
The poorer half receives	21.5%	25.4%	26.9%
The richer half receives	78.5%	74.6%	73.1%

This table clearly indicates that taxation has a moderating influence on the incomes differences in our country, and that these differences diminish even further due to payments out of and contributions to the social security funds.

Social benefits go especially to the poorer half of the population. Percentage-wise (of our total national income), social security benefits have risen from 6% in 1948 to 16% in 1968 - an enormous increase indeed.

As we saw, taxation and social securities have a moderating influence on the incomes-differences, yet anyone who carefully reads the above-

mentioned table will notice that this difference is decidedly smaller than is often alleged. It is definitely not true that taxation and social securities together bring about a “drastic” income redistribution.

Is it really possible to go much beyond what has been done? It is generally agreed that this is very difficult with respect to taxation. The so-called “top tariff” of the income tax can, of course, be increased even more - in Britain there existed for a while a tax tariff of 90% of the highest incomes - but the effect of such an increase is usually minimal: because of tax evasions, etc. there is hardly any higher revenue; the taxation screw has become stripped.

Somewhat different is the social security situation. Its levies - the premiums - form a fixed percentage of the income and do not rise above a specified amount (the so-called premium limits). An increase of the premium limits is technically quite possible.

Something can certainly be said in favour of such an increase of premium limits - for example up to an annual income of f24,000.00. Even though one recognises that “progressive” tariffs should not be applied to social insurances (if we wish to maintain something of their insurance character) and if we acknowledge that the “solidarity idea” ought not to be exaggerated. Presently, the premium burden for the lower incomes is excessively heavy: adding the burdens of taxation and social premiums, someone with an income of f10,000.00 will pay 35 cents taxation and social insurance for every additionally earned guilder. If he earns f17,000.00 this amounts to 33 cents, if his income is f24,000.00 it is 40 cents. That someone with f17,000.00 experiences a lower burden than the person with an income of f10,000.00 is because the premium limit for old age pensions and widow’s and orphan’s benefits lies under f17,000.00. If such a person’s income increases he does not have to pay a cent extra for social premiums. In order to lighten the heavy premium load for the lower income groups (someone with f6,000.00 income still pays 29 cents taxes and social premiums for each extra earned guilder) it is definitely advisable to shift the premium limits somewhat upwards, in order to distribute the total premium load more evenly over the various income-groups.

Questions for discussion:

1. Do you think the government should implement extra tax increases, and if so, which?
1. Are you in favour of further raising the premium limits of the social insurance?

8. Incomes ratios, national and international.

At the conclusion of this examination of our national incomes ratios, it is fitting to spend a few words on the international incomes ratios. After all, in our discussions on our own incomes differentials (which in several respects are still open for severe criticism) we may not forget that in many countries the average earned income is still far below “our” minimum wage. In most of the so-called developing countries, our lowest wage earners would, in terms of purchasing power, belong to the rich upper layer. It becomes increasingly clear that a further expansion of development aid will not be possible, unless in our country spending sacrifices are made, also outside the area of government. Development aid which is not a cause of society as a whole, is doomed to remain of limited significance.

In this connection we wish to mention that the president of the Dutch Catholic Trade Union movement, Mr De Bryn, several years ago suggested giving development aid a place in our own process of income distribution. He envisaged that on profit sharing provisions in industries, a separate “profit share for development aid” be created, to which employees as well as management would have to contribute part of their own share in the profit. This suggestion has not been acted on. Would it not be a very valuable token of our willingness to consider the very poor in the acquisition of our own income? For if their interests do not or hardly concern us, all our speaking about and seeking after just incomes ratios is little more than a seeking for ourselves, while that speaking and seeking ought to be a witness of the coming Kingdom of Christ, in which justice and righteousness shall truly be a reality.

Question:

1. What is your opinion of the suggestion made by Mr Bryn?