

## **WAS ROBIN HOOD RIGHT? DISTRIBUTIVE JUSTICE AND THE EMPIRE STATE BUDGET**

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Was Robin Hood right? You remember the legendary hero of the Middle Ages who rebelled against the powers and principalities of his day, including the evil Sheriff of Nottingham. Forgotten in myth and movie is what his view of economic justice required - he took from the rich and gave to the poor. Was Robin Hood right? Perhaps he was simply left – just a liberal - or just plain wrong. But was he morally right in his ethic of redistribution? How much do we deserve of this world's goods – I mean morally deserve? Is a winner-take-all society one we wish to have? In a competitive society, what do we do with the losers? To what are we entitled? How much is enough? What are our just deserts? These are questions probably not often asked in Economics 101. I doubt they are the questions Governor Spitzer, Majority Leader Bruno or Speaker Silver are asking – to say nothing of the rank and file members of the legislature – or even the people who populate our pews and pulpits.

However, they are questions we ask – we who seek to be prophetic people by bringing justice to the attention of a governmental body. After all, the Greek philosopher Aristotle said that politics is the way we do ethics as a community. I confess a certain sympathy for the economic philosophy of Robin Hood, though I do try to keep on the right side of the law. There is risk and excitement enough in being part of a movement to repair a broken world.

It has been said "If all economists were laid end to end, they would never reach a conclusion," and "if all economists were laid end to end, it would probably be a good thing." I'm not sure that applies to ministers speaking on economic justice, because it has also been said that "Economic distribution is far too important to leave to economists." It may be that we know the price of everything and the value of nothing. It has been suggested that the term "economic justice" itself is an oxymoron - inherently contradictory. However, from the perspective of religion, it clearly is not! Economic justice has been an imperative of religious people in virtually every time and tradition. For the world's religions, the market is not God.

The Hindu Mahatma Gandhi said: "There is enough wealth to meet everyone's need, but not everyone's greed."<sup>1</sup>

Gautama Buddha abandoned his princely life to preach the problems of worldly desire. "Buddhist economics," based on "right livelihood," requires moderation, "to obtain the maximum of well-being with the minimum of consumption."<sup>2</sup>

Confucius said, "To centralize wealth is to disperse the people; to distribute wealth is to collect the people."<sup>3</sup>

The *Koran* of Islam stresses solidarity, condemning hoarders of wealth and urging *zakat*, a minimal tax: "Wealth, justly earned, is to be regarded as a bounty from God and spent to redress imbalance."<sup>4</sup>

In the Greek humanist tradition great gaps between rich and poor were felt to be unhealthy for the *polis*, the city. Plato believed the so-called "fairness ratio" between richest and poorest person in the ideal state should be 4-1.<sup>5</sup> Aristotle believed it should be 5-1.<sup>6</sup> Plutarch wrote, "An imbalance between rich and poor is the oldest and most fatal ailment of republics."<sup>7</sup>

Injustice is the second most prominent theme in Hebrew scriptures, idolatry being first. In Leviticus we read of the Jubilee Year – every 50 years wealth was to be redistributed equally.<sup>8</sup> Amos inveighed against "selling the poor for silver and the needy for a pair of sandals."<sup>9</sup> One of every 16 verses in the Christian scriptures is about the poor or money; 1 out of 10 in the Synoptic Gospels, one out of seven in Luke, the Social Gospel.<sup>10</sup> Jesus said unequivocally, "It is easier for a camel to go through the eye of a needle than for someone who is rich to enter the Kingdom of God."<sup>11</sup> Thomas Aquinas advocated a "just wage" that would support a family, one not dependent on "the higgling of the market."<sup>12</sup> In 1986 the United States Roman Catholic bishops concluded that "Greed is the most evident form of moral underdevelopment."<sup>13</sup>

In sum, these religious voices articulate a "preferential option for the poor,"<sup>14</sup> and condemn any "preference for the privileged."<sup>15</sup> Unfortunately, this religious outlook has not yet transformed the world's economies. The late Joseph Campbell shared an arresting image of the way the world of power has changed. When entering a medieval town the dominant building was the cathedral; centuries later it was the town hall that dominated the landscape; now it is commercial buildings which dwarf everything else, a symbol that did not escape the Twin Towers terrorists.<sup>16</sup>

While the American economy has been inordinately successful in production, it has been decidedly less successful in distribution. Poverty exists in the midst of plenty; we are witnesses to the new American apartheid. Just a few years ago there are 358 billionaires in the world who enjoy a net worth of \$760 billion – equal to the net worth of the poorest 2.5 billion of the world's people.<sup>17</sup> Steve Forbes, of the magazine with the same name, recently proclaimed "This is the richest year ever in human history. Never in history has there been such a notable advance" as the number of billionaires went up last year to 946 with a total net worth increasing by 35% to \$3.5 trillion.<sup>18</sup> All of which proves the economy looks a lot better from the top.

Imagine a one hour parade of people where everyone's height is proportional to their individual wealth. The first marchers are actually buried several feet beneath the ground since they have negative net worth. After half an hour there are dwarfs - people about six inches tall, whose wealth is household furniture, a car and perhaps a small savings account. Only at about twelve minutes before the hour do we begin seeing people of average height, for more than three quarters of the world's population have fewer assets than average. In the last few minutes giants loom up; in the last few seconds are people so tall we cannot even see their heads, the corporate managing directors a hundred yards tall. "The rear of the parade is brought up by a few participants who are measured in miles . . . their heads disappear into the clouds. . . . The last Americans, whose backs we can see long after the parade has passed by, are Bill Gates and the Waltons. . . . Their height is inconceivable: at least ten miles; perhaps twice as much."<sup>19</sup>

This graphic image points out that in fact the rich are getting richer, the poor are getting poorer and the middle class is barely holding its own. The facts are sobering. The richest 20% of U.S. families enjoys over half the national earned annual income, while the poorest 20% survives on less than 4%.<sup>20</sup> And these figures do not include capital gains income and all earnings above \$999,999, which would greatly increase the disparity. Median income is relatively stagnant, rising slightly. Median earnings declined in 2005.<sup>21</sup> Even as politicians cheered as welfare roles were cut in half, poverty increased from 11.7% in 2001 to 12.6% in 2005, up from about 31 to 37 million, including the highest percent of people in deep poverty – half the poverty line – ever recorded.<sup>22</sup> Almost 47 million Americans have no health insurance, up from 41.2 million in 2001.<sup>23</sup> Income disparity is at an all-time high. The disparity in wealth is even more dramatic.<sup>24</sup> We have witnessed the “waltz of the wealthy” while most Americans have been riding “up the down escalator.”

What is true of the United States is even more true of New York State. The gap between rich and poor in this state is the widest in the nation. In the early 1980's New York ranked 11<sup>th</sup> in the ratio of the richest 20% to the poorest 20%; it has since risen from a ratio of 5-1 to 8½ to 1; average income for the richest quintile has risen from \$79,000 to over \$130,000, while average income for the poorest fifth grew from \$14,000 to \$16,000. If income growth had been equally distributed the poorest quintile average income would be \$23,000. The top 20% take in half the income and their share has increased, while the bottom 80% have lost ground. The richest 5% accounted for almost all that gain – so the gap between the rich and the merely affluent also grew.<sup>25</sup> And you will not be surprised to know that New York has the largest gap between the resources available in high-poverty and low-poverty school districts of any state in the nation \$2,927 for New York compared to \$1,307 for the US.

Why has this happened? Many reasons. There is the loss of good-paying manufacturing jobs; unions have declined in power; the minimum wage until last year remained unchanged; median wages did not grow; investment income grew, but favored the haves or the have-nots; and

government taxation policies favored the rich. New York State job growth has been less than half national rate since mid-2003.<sup>26</sup> Capital gains and Wall Street account for a significant share of the growth in NY's personal income tax base.<sup>27</sup> Corporate taxes have fallen substantially relative to the size of the economy.<sup>28</sup> Large multi-year income tax cuts, reductions in top Personal Income Tax and corporate tax loopholes have combined to shift the tax burden from progressive income to regressive property and sales taxes. These income tax cuts reduced tax revenues by \$16 billion during 2006-2007 fiscal year.<sup>29</sup> The top income tax rate has been cut by more than 50% over last 30 years – from 15.375% to 6.85%.<sup>30</sup> Indicative of the lack of progressivity of the state income tax is that a family of three with an income of \$40,000 or more pay at top rate.

In sum New York's economy is increasingly polarized between rich and poor with a shrinking middle class.<sup>31</sup> While income polarization moderated in the late 1990's, it has resumed growing since 2003.<sup>32</sup> In the last decade New York wages have grown fastest for the highest-income New Yorkers<sup>33</sup> At the same time New York's poverty rate exceeded the US rate: 14.5% in New York to 12.7% for the US.

David Cay Johnston, the *New York Times* tax expert, in his fascinating and deeply disturbing book *Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super Rich – and Cheat Everybody Else*, writes that when all taxes at all governmental levels are taken into account “America has something close to a flat tax. The top fifth of Americans pays just a penny more out of a dollar in taxes overall than the poorest fifth, 19 cents versus 18 cents.”<sup>34</sup> Billionaire investor Warren Buffet says that on his last dollar of income he pays a lower marginal tax rate than his secretary.<sup>35</sup>

So people with low incomes are disproportionately taxed, thus dampening incentives. In reality we "soak the poor" with regressive sales, property and payroll taxes. In addition, taking a minimum wage job may well bring lower income than social assistance and make one ineligible for government medical coverage to boot.

We have what author Jonathan Kozol calls “savage inequalities.” The more disturbing reality is that most Americans accept this state of affairs. We have become so inured to the stark reality of economic injustice that we experience the “banality of evil” – an ethical wrong simply assumed to be etched into the nature of things.

So, was Robin Hood right? Is it ethical to take from the rich and give to the poor? Or, more appropriately, is our current mode of economic distribution just? My thesis is that this inequality of income and wealth is inherently unjust – not fair. I don't believe the rich are rich because they deserve it, and the poor poor for the same reason, as is now being promulgated as the “prosperity gospel” by many preachers of the religious right. This chasm of inequality robs poor people of the freedom prosperity can bring; it violates our fundamental notions of equity – fairness that in the words of the 19th century Senator Charles Sumner: “There are "dinners without

appetites at one end of the table and appetites without dinners at the other;” it violates our sense of community solidarity in which the well-being of one is the responsibility of all; it corrupts us morally and spiritually by distorting our sense of what is of worth. I resonate to British economist John Maynard Keynes who defined capitalism as “the extraordinary belief that the nastiest of men for the nastiest of motives will somehow work for the benefit of all.”

Clearly the Golden Rule of economics has prevailed: those with the gold, make the rules. How would Robin Hood react to that? What would Plato and Aristotle say? What would Jesus do?

The answers are not as simple as they perhaps were in the first century of the Common Era. Consider the Peter Sellers movie *Heavens Above*, the story of The Rev. John E. Smallwood who arrived as vicar of Holy Trinity Church in Orbiston Parva, an English village contentedly thriving under the aegis of the wealthy Despard family and the pill it manufactures - sedative, pepper-upper and laxative combined, a perfect trinity. Smallwood takes Biblical injunctions literally and persuades rich Lady Despard to do likewise. She freely distributes food to those who will take it, driving butcher, baker and candlestick maker out of business. And when Smallwood pronounces that the trinity of Father, Son and Holy Ghost is more efficacious than the triple-actioned pill, sales go down, unemployment goes up and mob violence ensues. . . . Culture, we learn, maintains its precarious balance only so long as everyone is committed to the ideology of profit-sharing and of it-is-better-to-receive-than-to-give; whereas an authentic Christian unless he is able to win everyone to his reversal of ideals, simply succeeds in giving impetus to riotous anarchy.<sup>36</sup>

Yet another caveat about the difficulty of creative economic justice. The late columnist Sidney Harris offered this distinction between a conservative and a liberal. A conservative tosses a 25-foot rope to a person drowning 50 feet from shore and encourages him/her to swim the other half for the good of their character. A liberal, on the other hand, throws a 50-foot rope to a person drowning 25 feet from shore and then lets go of the other end and walks away to do another good deed.<sup>37</sup>

What to do? What remedies are there to enhance freedom, move toward greater equity, build community and increase moral sensitivity and religious meaning? Far be it from me to lay out a grand strategy. However, here are a few suggestions, which although they may seem radical, may at least stimulate the kind of national discourse we must have about economic justice.

New York should work toward a “the Self-Sufficiency Standard” which estimates how much is required for various families to live a decent life in 21<sup>st</sup> century society – not only the cost of food, clothing and housing, but also health care, child care, transportation and other necessities for sustaining a family in reasonable comfort. The figures presented are far above both the minimum wage and the more generous living wage.

It would involve a guaranteed income after the suggestion of the late conservative columnist Milton Friedman – which he called a Negative Income Tax.

I believe New York must completely restructure its tax structure to place more reliance on the progressive income tax and less on the regressive property and sales taxes. A truly progressive taxation policy is based on ability to pay and equal sacrifice. I sympathize with the idea of a maximum wage enforced by taxes which would promote the “ten times” rule – the maximum wage should be no more than ten times the minimum wage.<sup>38</sup>

A fair taxation program would retain the inheritance tax, while indexing it for inflation. Albert Schweitzer concluded that “good fortune obligates.” I’m with Supreme Court Justice Oliver Wendell Holmes who said “I like to pay taxes. They are the price we pay for civilized society.”<sup>39</sup> If taxation without representation is tyranny, then representation without taxation is anarchy.

A social policy that is “front-loaded” – recognizing that investment in human resources early on is far better policy than draconian sanctions for failure later. We must invest in people rather than punish them.

The Empire State Economic Security Campaign has provided us with a practical outline of what can be done – and ought to be done now: (1) An increase in the Earned Income Disregard up to the federal poverty level; 50% of income would be disregarded until families reach 135% of the federal poverty guidelines;

(2) a wage supplement program for low-income workers and/or a state funded food stamp supplement for working families. Increase the Basic Allowance of the Public Assistance grant from \$291 to \$435 for a family of 3 to reflect the increase in the cost of living since the last adjustment in 1990;

(3) affordable and comprehensive universal health coverage. New York State should enact Universal Health Care (A6576 / S 3459), New York Health, a single payer solution. The legislature should support the establishment of a Legislative Commission on Health Care Reform (A6575) to conduct an analysis of various statewide models for universal health care coverage. As an interim step, we should support initiatives such as universal health care for children as the governor has proposed. Sadly, while spending far more than other industrialized democracies on health care, the U.S. ranks far below other developed nations in health outcomes.<sup>40</sup>

New York State should increase participation in Medicaid and Family Health Plus by simplifying the application process, and eliminating co-pays and asset tests for Medicaid and Family Health Plus.

New York State Should curb escalating prescription drug costs by supporting legislation (A6336B/S5029B) to establish bulk purchasing of prescription drugs to significantly reduce prices (by 40%) for taxpayers and consumers. Adequate consumer safeguards must be included.

Implementation of Temporary Assistance for Needy Families reform. New York State should allow public assistance recipients access to the full range of education and training programs they need to compete for good jobs that pay a family sustaining wage. "Ending welfare as we know it is a political slogan;. Ending poverty as we know it is a moral slogan. . ." <sup>41</sup>

Was Robin Hood right? Surely, in a democratic nation we have the means to create that Beloved Community envisioned by all the great prophets of the human spirit. Building that just society is not so much a matter of resources; it is a question of will. We have our work cut out for us. As one wag said, "It's easier to fit through the eye of a camel than to be needled into the Kingdom of Heaven." <sup>42</sup>

In the words of a Latin-American prayer:

"O God, to those who have hunger, give bread;  
and to us who have bread, give the hunger for justice."

END

- <sup>1</sup> Source unknown.
- <sup>2</sup> E. F. Schumacher, "Buddhist Economics," *Small Is Beautiful*.
- <sup>3</sup> Confucius. *Analects*.
- <sup>4</sup> *The Koran*.
- <sup>5</sup> Plato. *The Republic*.
- <sup>6</sup> Aristotle.
- <sup>7</sup> Plutarch. Accessed from [www.quotationreference.com](http://www.quotationreference.com).
- <sup>8</sup> Leviticus 25:8-17, 23-55..
- <sup>9</sup> *Amos* 4-6.
- <sup>10</sup> Wallis, Jim. *The Politics of God*.
- <sup>11</sup> *Matthew* 19:23-24.
- <sup>12</sup> St. Thomas Aquinas. *Summa Theologica*.
- <sup>13</sup> *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy*. 1986.
- <sup>14</sup> US Roman Catholic Bishops. *Economic Justice for All*. 1986.
- <sup>15</sup> Lani Guinier, "Our preference for the privileged," *Boston Globe*, July 9, 2004.
- <sup>16</sup> Joseph Campbell, *The Power of Myth*.
- <sup>17</sup> David Korten. *When Corporations Rule the World*, p. 83.
- <sup>18</sup> Tula Connell, TomPaine.com, "The Richest Year in History." 3/15/07.
- <sup>19</sup> Jan Pen, in *Wealth, Income and Inequality*.
- <sup>20</sup> The second poorest fifth gets less than 10% (8.7%), the middle fifth 15% (14.7%) and the second richest fifth receives 23% (23.2%). See U.S. Census Bureau.
- <sup>21</sup> "Poverty Remains Higher, and Median Income for Non-Elderly Is Lower, Than When Recession Hit Bottom." Center on Budget and Policy Priorities. September 1, 2006.
- <sup>22</sup> Center on Budget and Policy Priorities, 9/1/2006.
- <sup>23</sup> Center on Budget and Policy Priorities, 9/1/2006.
- <sup>24</sup> By 2003 America's top 1% had accumulated over \$2 trillion more in wealth than everyone in America's bottom 90% combined.
- <sup>25</sup> Fiscal Policy Institute. *Pulling Apart in New York*. 1/26/06.
- <sup>26</sup> FPI Report, p. 3.
- <sup>27</sup> FPI Report, p. 8.
- <sup>28</sup> FPI Report, p. 26.
- <sup>29</sup> FPI Report, p. 8.
- <sup>30</sup> FPI Report, p. 23.
- <sup>31</sup> *One New York*. Fiscal Policy Institute Briefing Book, p. 2.
- <sup>32</sup> FPI Report, p. 14.
- <sup>33</sup> FPI Report, p. 16.

<sup>34</sup> David Cay Johnston, *Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit the Super Rich – and Cheat Everybody Else*, p. 308.

<sup>35</sup> *Ibid.*, p. 305.

<sup>36</sup> William Mueller review of the film "Heaven's Above," *The Christian Century*, November 6, 1963.

<sup>37</sup> *Kairos*, Summer 1979, p. 9.

<sup>38</sup> See Sam Pizzigati, *Greed and Good*. New York, The Apex Press, 2004.

<sup>39</sup> Supreme Court opinion, *Compania de Tabacos v. Collector*, 1904.

<sup>40</sup> *Business Week*, September 21, 2006. "U.S. Health-Care System Gets a "D".

<sup>41</sup> Paul Simon, in speech to members of the Associated Press, *The Christian Century*, January 7-14, 1998.

<sup>42</sup> David Juncker.